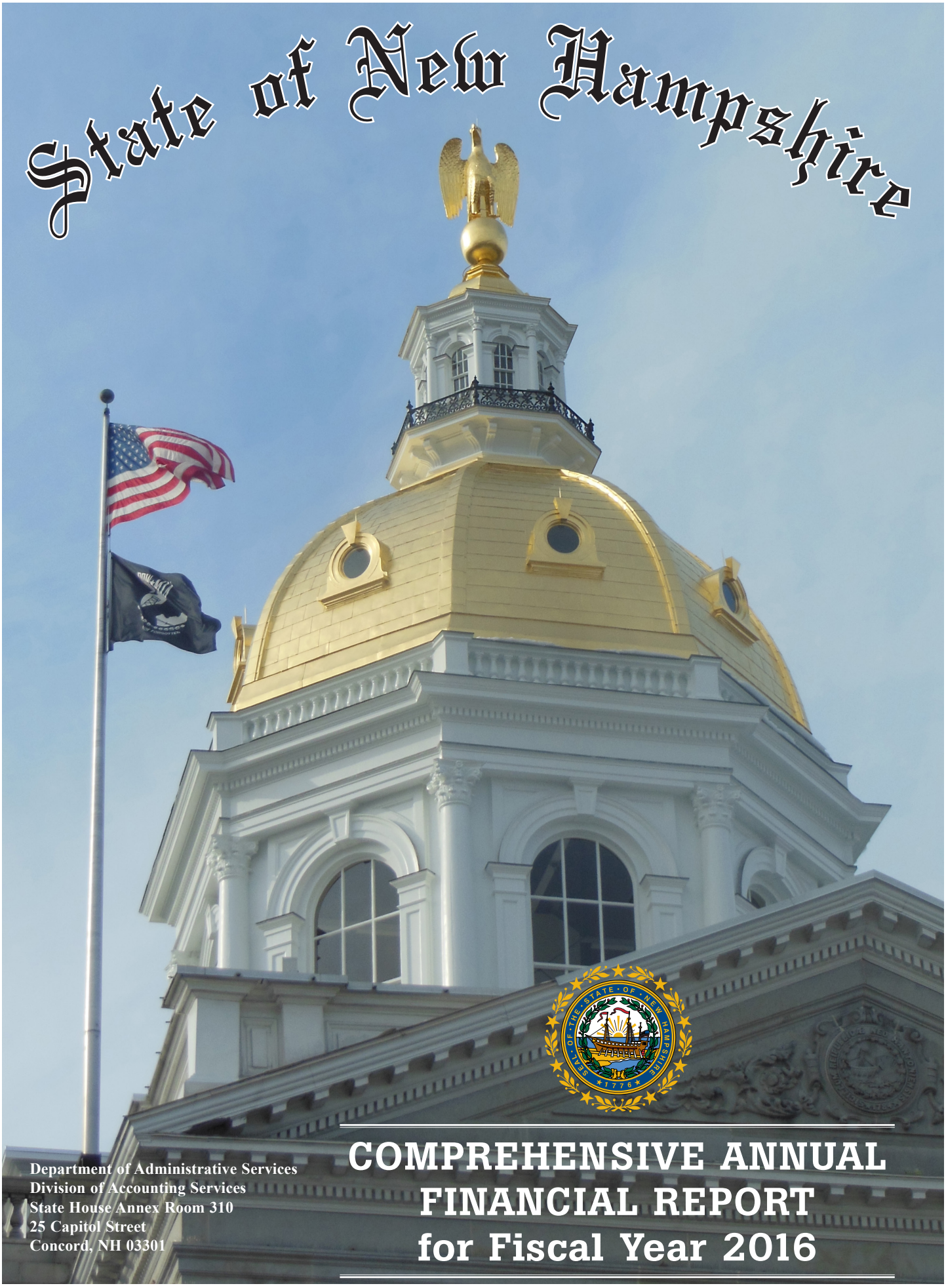

COMPREHENSIVE ANNUAL FINANCIAL REPORT for Fiscal Year 2016

Department of Administrative Services
Division of Accounting Services
State House Annex Room 310
25 Capitol Street
Concord, NH 03301

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STATE OF NEW HAMPSHIRE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended

June 30, 2016

Prepared by the Department of Administrative Services
Vicki V. Quiram, Commissioner
Division of Accounting Services
Gerard J. Murphy, Comptroller
and the Bureau of Financial Reporting
Dana M. Call, Administrator
Diana L. Smestad
Catherine L. Bogan

This document and related information can be accessed at *http://das.nh.gov/accounting/reports.asp*

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SEAL · OF · THE · STATE · OF · NEW · HAMPSHIRE ·
· 1776 ·

STATE OF NEW HAMPSHIRE
OFFICE OF THE GOVERNOR

December 30, 2016

Dear Citizens of the State of New Hampshire and Honorable Members of the Legislature:

I am pleased to accept the Comprehensive Annual Financial Report for the State of New Hampshire for the fiscal year that ended June 30, 2016.

In our work together over the past year, we have made great progress in our efforts to help set the foundation for a new generation of economic growth that will lift all of our people. We enacted a fiscally responsible, bipartisan compromise on the budget that lowered taxes for small businesses while protecting our ability to invest in critical economic priorities, and by carefully managing state agency expenditures, we ended Fiscal Year 2016 with a preliminary unaudited surplus of $130 million, allowing us to continue strengthening our Rainy Day Fund, which we more than quadrupled to the highest level in recorded history – $93 million. With continued strong fiscal management and a strong economy, we could potentially fill the Rainy Day Fund by the end of the current biennium.

As the heroin, opioid, and fentanyl crisis devastates families, businesses and communities across the state, we also came together this year to provide additional resources to those battling addiction on the front lines. We provided an additional $5 million to support prevention, treatment and recovery providers and supportive housing, upgraded the technology for our prescription drug monitoring program, established a statewide drug court program and expanded a state grant program to support local law enforcement in seizing illicit drugs and arresting dealers in communities across the state.

As our country's economy continues to strengthen, New Hampshire remains ahead of the curve in many respects. We have added nearly 40,000 jobs over the past four years, a record number of Granite Staters are currently employed and our unemployment rate dropped to 2.7 percent in November, the lowest in New England and tied with South Dakota for lowest in the country. Additionally, New Hampshire has been ranked first in the nation for business-friendliness by CNBC and one of the nation's top-ten Tech hot spots by Forbes.

I am proud of the great strides our state has made. Time and again, we have proven that in New Hampshire, we can work together to make progress for our people, businesses and communities, and I look forward to continuing that important work with all of you.

With every good wish,

Margaret Wood Hassan

Margaret Wood Hassan
Governor

State of New Hampshire
Selected State Officials
For the Fiscal Year Ended June 30, 2016

Executive Branch

Governor **Margaret Wood Hassan**
Executive Council
Joseph D. Kenney, District 1
Colin Van Ostern, District 2
Christopher T. Sununu, District 3
Christopher C. Pappas, District 4
David K. Wheeler, District 5
Attorney General
Joseph A. Foster
Commissioner of Administrative Services
Vicki V. Quiram
State Treasurer
William F. Dwyer
Secretary of State
William M. Gardner
Comptroller
Gerard J. Murphy

Judicial Branch

Chief Justice of the Supreme Court
Linda Stewart Dalianis

Legislative Branch

President of the Senate
Chuck Morse
24 Senators
Speaker of the House of Representatives
Shawn N. Jasper
400 Representatives

STATE OF NEW HAMPSHIRE
ORGANIZATION CHART

Senate	Governor	Supreme Court
House of Representatives	and	Superior Court
Legislative Services	Council	Circuit Court
Legislative Budget Assistant		

STATE AGENCIES AND COMPONENT UNITS (*)

GENERAL GOVERNMENT

Administrative Services
Board of Tax & Land Appeals
Boxing & Wrestling Commission
Cultural Resources
Department of Information Technology
Development Disabilities Council
Executive Office
Professional Licensure & Certification
NH Retirement System*
Revenue Administration
Secretary of State
State Treasury

ADMINISTRATION OF JUSTICE AND PUBLIC PROTECTION

Adjutant General
Agriculture, Markets & Food
Banking
Board of Veterinary Medicine
Corrections
Employment Security
Highway Safety
Human Rights Commission
Insurance
Judicial Council
NH Judicial Retirement Plan*
Justice
Labor
Liquor Commission
Public Employee Labor Relations Board
Public Utilities Commission
Racing & Charitable Gaming Commission
Safety

RESOURCE PROTECTION AND DEVELOPMENT

Business Finance Authority*
Environmental Services
Fish and Game
Community Development Finance Authority*
Pease Development Authority*
Resources and Economic Development

TRANSPORTATION

Transportation
Turnpike System

HEALTH AND SOCIAL SERVICES

Health and Human Services
NH Office of Veterans' Services
Veterans' Home

EDUCATION

Education
Community College System of NH*
Lottery Commission
Police Standards & Training Council
University System of
New Hampshire*

State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES
OFFICE OF THE COMMISSIONER
25 Capitol Street – Room 120
Concord, New Hampshire 03301

VICKI V. QUIRAM
Commissioner
(603) 271-3201

January 31, 2017

To: The Citizens of New Hampshire,
Her Excellency the Governor
and the Honorable Council

In accordance with the Revised Statutes Annotated (RSA) 21-I:8,II (a), it is a pleasure to submit the Comprehensive Annual Financial Report (CAFR), covering the fiscal year ended June 30, 2016. This report has been prepared by the State of New Hampshire, Department of Administrative Services (DAS) and responsibility for both the accuracy of the data presented and completeness and fairness of the presentation, including all disclosures, rests with the State. The basic financial statements, considered by management to present fairly and consistently the State's financial position and results of operations, have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) applicable to state and local governments, as promulgated by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 34 requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditors' report.

The financial reporting entity includes all funds of the State as legally defined, as well as all of its component units. Component units are legally separate entities for which the State is financially accountable. Note 1 to the Basic Financial Statements provides a more complete description of the State's reporting entity. The State provides a full range of services including: the construction and maintenance of highways and infrastructure, education, health and social services, public safety, the development of parks and recreation facilities, conservation of natural resources, and economic development.

State Profile

New Hampshire, known as the Granite State, is located in the New England census region and is bordered by the states of Maine, Massachusetts and Vermont and the Province of Quebec, Canada. The State is 9,304 square miles in area and has 18 miles of general coastline on the Atlantic Ocean and 131 miles of tidal shoreline. The State's population was 1,330,608 in 2015 according to the U.S. Census Bureau estimates. New Hampshire holds the first in the nation Presidential Primary. Since 1920, the first ballot of the New Hampshire Presidential Primary has been cast in the Ballot Room of the Balsams Hotel in Dixville Notch.

The State Constitution provides for three branches of government which include the Executive Branch, the Legislative Branch and the Judicial Branch:

- The executive officers of the Executive Branch consist of the Governor, the State Treasurer, the Secretary of State and the five-member Executive Council (the "Council"). The Governor, who holds office for a two-year term, is responsible for the faithful execution of all laws enacted by the Legislature and the management of the executive departments of the State. The State Treasurer and the Secretary of State are elected by joint ballot of the House and Senate for two-year terms. The Council is elected by the people biennially, one Councilor for each of the five Councilor districts in the State. The Council's chief function is to provide advice and consent to the Governor in the executive function of government. The Governor and Council can negate each other in nominations of and appointments to executive positions in the judicial and executive branches. The executive branch is organized into a number of departments, each headed by a Commissioner.
- The legislative power of the State is vested in the General Court (the "Legislature") consisting of the 400-member House of Representatives and the 24-member Senate, both meeting annually. Members of the House are elected biennially from districts apportioned among cities and towns of the State on the basis of population. Senate members are elected biennially from single-member Senate districts. Money bills originate in the House, but the Senate may propose or concur in amendments. Every bill which passes both houses of the Legislature is presented to the Governor for approval or veto. If a bill is vetoed by the Governor, that veto may be overridden by a vote of two-thirds of the members of each house of the Legislature. If the Governor fails to act within five days (except Sundays) on a bill presented for approval, the bill automatically becomes law unless the Legislature is not then in session.
- The judicial branch of the government consists of a Supreme Court, Superior Court with 11 sites, and a Circuit Court with three divisions, probate, district, and family, with 32 sites. All justices and judges are appointed by the Governor and Council and may serve until seventy years of age.

State and Local Taxation

The State finances its operations through a combination of specialized taxes, user charges and revenues received from the State liquor sales and distribution system. Two of the more significant taxes are business taxes (the business profits and business enterprise taxes) and a meals and rooms tax. The State does not levy any personal earned income tax or general sales tax but does impose a tax on interest and dividends. The State believes its tax structure has played an important role in the State's economic growth. New Hampshire has generally been the highest among all states in local real estate property tax collections per $1,000 of personal income, because local property taxes were traditionally the principal source of funding for primary and secondary education.

New Hampshire's Economic Conditions & Outlook

- New Hampshire's unemployment rate was significantly less than the national average in October 2016 (2.8% vs. 4.9% seasonally adjusted).
- Total non-farm employment increased by 14,000 jobs from October 2015 to October 2016.
- New Hampshire has the lowest poverty rate in the nation at 9.2% (2010-2014), with median household income of $65,986 (2010-2014 average, in 2014 dollars). New Hampshire's per capita income for 2015 was $54,817, ranking 8th in the nation.
- For the period January through March of 2016, there were 390 foreclosures in New Hampshire, which is a 27% decline from the same period in the previous year. Home sales in April of 2016 totaled 1,517, an increase of 20% from the same month in 2015. The median sales price was $238,000 as of May 2016, only slightly higher than the previous year.
- Real estate transfer tax receipts of $134 million for fiscal year 2016 were 14.5% higher than the prior year.
- New Hampshire ranks 7th in the nation with 35% of the population over 25 years of age with a bachelor's degree or higher as of 2014, according to the U.S. Census Bureau "2014 American Community Survey-Table R1502".

The following discussion reflects statements and information about New Hampshire's economic conditions based on the monthly New Hampshire Economic Conditions reports, issued by NH Employment Security, and the 2016 New Hampshire Economic Review issued by the New Hampshire Division of Economic Development.

NH Ranking	National Ranking Area	Source
1	Freest State in the Union	Cato Institute
1	Business Friendliness	CNBC
1	State in the Northeast for Workforce Development	Site Selection
3	Lowest Tax Burden	Wallethub.com
4	Top 10 Tech Hotspots	Forbes Magazine
7	Business Tax Climate	Business Facilities Magazine
2	Employment Leader	Business Facilities Magazine
3	Most Peaceful State	24/7 Wall St.com

The following highlights were noted from the July/August 2016 economic reports:

- Overall employment in New Hampshire is projected to increase by 1.8 percent over the two-year period from the fourth quarter of 2015 to fourth quarter of 2017, an increase of 12,400 new jobs.

- Projections indicate that some occupations requiring personal interaction and hands-on contact are expected to have better than average employment growth during this period; these occupational areas include: personal care and service, healthcare, construction and extraction, and installation, maintenance and repair.
- In a review of per capita personal consumption expenditures for 2014, New Hampshire per capita personal consumption expenditures averaged $46,633, which surpassed the expenditures of New England as a whole, or $46,008, as well as the nation, which had per capita expenditures of $37,196.
- The biggest areas in which New Hampshire per capita expenditures exceeded the national average were in Housing and Utilities, as well as Healthcare.

In addition, New Hampshire has implemented initiatives to build its workforce through programs offered by the Community College System of New Hampshire, focusing on strengthening education and training in industry sectors that are critical to the state's economy such as information technology, healthcare and advanced manufacturing sectors.

Major Initiatives for Fiscal Year 2016:

State-wide Technology

Enterprise Resource Planning

In 2009, an Enterprise Resource Planning (ERP) system was implemented to replace the twenty-five year old mainframe general ledger system. In 2012, the human resources and payroll system that had been in service since 1992 was replaced, and in 2013 the State converted the human resources and payroll functions to the ERP system. NHFirst, the State's ERP system, has (1) reduced costs and delays in associated paperwork, cycle-time for state procurement, payment and revenue collection and (2) replaced a system that had been customized to the point it could no longer be serviced or maintained, was limited and archaic, and presented significant sustainability risk.

NHFirst enabled the State to streamline the purchasing process by changing a very paper intensive process to all electronic, from the initiation of the requisition through the bidding process, and up to and including issuing a purchase order. With the efficiencies obtained through the new system, the Bureau of Purchasing was able reallocate resources and expand the use of multi-agency service contracts. Centralizing multi-agency service contracts has eliminated the need for each agency to bid and contract for services, resulting in further efficiencies. NHFirst has also allowed the State to implement statewide posting for internal job vacancies, a policy enhancement that was not feasible in the past due to the technology limitations of the previous system. Other efficiency examples are: electronic job postings, applications and hiring; electronic time reporting and online payroll information for employees; and online benefit enrollment and administration.

The State plans to implement additional system upgrades in the future to achieve similar efficiencies in asset management accounting and control and to increase the State's purchasing power by implementing web-based strategic sourcing for suppliers and vendors and thereby increase competitive bidding for State businesses.

Business One Stop

Automated forms submittal went online in the late fall 2015. By the end of 2016, seven agencies have gone live with an additional 13 testing form development and submission. Since January, 36 forms have gone into production and agencies have received more than 2000 submissions electronically, eliminating the need for businesses to complete and mail or email static documents. State agencies can more quickly respond to the substance of the submission rather than key the data into internal databases for processing. Almost 900 users have registered to use the system. In 2017 we will continue to promote agency adoption of online forms.

Online Licensing

The first phase of the new enterprise licensing solution went into production in May 2016. This consolidated three separate systems into one and implemented a standard approach for the management of business and occupational licensing for regulated entities. Included in the first phase are 21 regulatory boards from the Departments of Agriculture, Health and Human Services, and Safety and the Office of Professional Licensing and Certification (OPLC). Phase Two, which will complete all boards within OPLC as well as Liquor Enforcement, is on schedule to go live in July 2017. Planning on Phase Three, which will add additional boards from the Department of Agriculture and other agencies, is also underway in 2017 with an expectation they will be in operation in early 2018.

Expansion of the Virtual Server Environment

Server virtualization is taking one physical server (or host) and partitioning it into multiple smaller virtual servers to maximize resources. Software is then used to partition and secure the virtual servers just like they were on their own physical server. The cost benefits of virtualizing are significant: Space and power requirements are reduced at the datacenters and less hardware means lower hardware maintenance support costs. Furthermore, if a host fails, the virtualization software automatically transfers over all of the virtual servers on that host to another host. Expansion of the Virtual Server Environment allows the state to continue to provide an increased ability to respond to change; flexible and agile IT service delivery; improved ability to provide high availability of systems and disaster recovery options; and improved efficiencies with computer resources, electrical consumption, maintenance, management, and monitoring of servers.

As of the end of fiscal year 2016, DoIT has virtualized a total of 952 servers to date representing 67% of all servers. This puts New Hampshire in a leadership position relative to state government virtualization efforts.

Cybersecurity Initiative

Traditional defenses are insufficient against today's complex and sophisticated cyber attacks. New Hampshire developed its first cyber security strategy during this fiscal year. Key elements include:

- Establishes baseline plus, which establishes minimum standards that agencies must adhere to while allowing them to go beyond the baseline required;
- Initiates planning for the development of a consolidated security operations function;
- Kicks off the implementation of new tools and capabilities.

The intent is to reduce the likelihood of cyber intrusions and lessen the impact of security events, strengthening the overall security posture of the state's data, systems, and networks.

Organizational Development

The State strengthened the Agency Software Division's leadership team and reoriented the organization's efforts around a forward looking business engagement model, building up skilled resources to assist agency partners with managing and prioritizing their technical projects, providing valuable guidance as they navigate through a myriad of technical offerings.

Strategic Planning Initiative

During 2016, work was done to set up baseline strategic themes and objectives (which are currently under consideration by the Information Technology Council) to address current and future state needs. Once ratified, this plan will provide ongoing strategic information technology direction to promote enterprise alignment across State of NH technology initiatives. This plan will be socialized and updated as necessary to accommodate the changing needs of NH over time.

State of NH Strategic Objectives by Theme:

Enterprise Partnership
- Increase Enterprise Alignment
- Mature Governance

Customer Satisfaction
- Enhance Citizen Services
- Improve Customer Communications

Performance
- Promote Continuous Improvement

Effective Resource Management
- Employee Development
- Invest in Talent Management
- Promote Financial Transparency

Cybersecurity
- Strengthen the State's Security Posture

Efficiency & Improvement Initiatives

- **Guaranteed Energy Saving Project: Hazen Drive:** The Division of Plant and Property just completed a guaranteed energy saving performance contract for four state owned facilities located on Hazen Drive. These four facilities were targeted because they utilize approximately $2.5 million of energy costs per year. By utilizing an energy saving performance contract, the State was able to reduce energy usage by 31% and fossil fuel usage by 70%. The total project cost was $16.1 million and is being paid utilizing annual energy savings of $950 thousand. A major part of the project was the construction of a new bio mass facility to heat a 300,000 square foot facility located at 29 Hazen Drive. The bio mass boiler will use wood chips from a local logger.

- **Guaranteed Energy Saving Project: Cannon Mountain.** The Division of Plant and Property provided support to the Department of Resources and Economic Development to issue an RFP and enter into a contract with an energy services company to complete energy saving initiatives at Cannon Mountain. The project is approximately $5 million and is being paid with annual energy savings of $350 thousand. These energy improvements will increase the efficiency of the snow making equipment while increasing their snow making ability.

- **White Farm Lean Initiative.** The Division of Procurement and Support Services initiated a LEAN project to replace an antiquated inventory system and improve the State surplus process. As a result of the LEAN initiative, the State Surplus Section was able to migrate to NH FIRST and convert the paper intensive surplus process to a very efficient, streamlined and user friendly paperless system. In addition, the retail operations at White Farm began accepting credit and debit cards from its customers in June 2016, resulting in a 10% increase in sales the first month.

- **Purchasing Card Initiative** The Division of Procurement and Support Services is in the process of replacing the multi copy field purchase orders and stream lining the acquisition process by utilizing purchasing cards ("P-cards"). In addition, the Division is also utilizing the P-Cards to pay for contracted items such as office and janitorial supplies. This is consolidating the accounts payable process by reducing the amount of invoices that need to be processed. In addition this has also enabled the State to take advantage of rebates. The State processed $4.7 million of P-card transactions in fiscal year 2016 that resulted in $83 thousand of rebates to the State.

- **Human Resources and Payroll:** Pursuant to Chapter 276, Laws of 2015, the State is continuing the process of consolidating human resource and payroll functions. The replacement of the human resources and payroll system has facilitated the consolidation initiative. The statewide Personnel Rules were updated and readopted to incorporate the requirements of the new human resources and payroll system, and the Department of Administrative Services created monthly cross-agency Human Resources and Payroll meetings to train HR/payroll staff and standardize procedures. The Department has also created centralized training materials for statewide human resources functions and these resource materials are posted and accessible on SunSpot, the State Intranet.

  The Department has continued to work on statewide standardization of recruitment, workforce development, training and payroll processes. Recent initiatives include the launch of the Employee Portal, which is a central access point for all employees to obtain up-to-date information about employee training, leave time, benefits and pay. The Employee Portal is linked to the central on-line recruitment system and the statewide recruitment pages. In addition, the Department led a LEAN initiative to review the position classification process, and developed a streamlined position classification questionnaire and standard work processes for use by all state agency human

resources offices. The Department continues to oversee the centralized classification system and to audit and approve all changes related to position management and employee transactions, including providing ongoing training to agency human resources and payroll offices.

During fiscal year 2017, the Department is leading projects related to the standardization of data measures for compilation and analysis of statistics for workforce reporting. In addition, the Department is developing a more efficient process to enable new employees to gain quicker access to the human resources and payroll system, as well as an automated methodology for removing access to human resources and payroll functions upon separation from state service. Work continues to progress in the area of workforce development, including the design of shared recruitment resources, such as state-sponsored internship programs.

2016 Capital Budget Capital Fund

During fiscal year 2016, the State worked towards the completion of several significant projects including:

- Construction of a new regional training Institute for the Adjutant General Department. The project included the construction of barracks and training facilities totaling approximately 97,430 square feet. The total project cost was approximately $38 million.

- Construction of a new Marine Patrol Facility at Lake Winnipesaukee. This project included the demolition of the existing facility and the construction of a new 26,900 square foot building that will include space to house Marine Patrol headquarters, boat safety classes and maintenance of all the marine boats and equipment. The facility was constructed at a total cost of $9 million dollars.

- Renovations to the State Capitol Dome. This $2.4 million dollar project included the design and construction of a platform to support the required scaffolding to repair the state house dome. Once the platform was completed and the scaffolding was in place the dome was restored and the copper surfaces were gilded in one construction season.

Other ongoing projects include the construction of a new 224 bed women's prison total project value $50.6 million ($38 million SFY 14-15, $12.6 million SFY 16-17 capital budget). The project is scheduled to be completed in the fall of 2017.
In addition the capital budget for state fiscal years 2016-2017 authorizes nearly $271 million in capital appropriation, leveraging approximately $126 million in general fund bonding authority, with the balance from other sources.

Approved projects include:

- Over $14 million at the Community College System for IT infrastructure and critical maintenance, and building and development of HVAC Electrical Technology, Auto Technology and STEM facilities
- Over $7 million for the Department of Education to renovate two Career and Technical Education centers
- $15.7 million for the Judicial Branch to construct a new superior courthouse
- $13.5 million at the New Hampshire Veterans' Home to construct a 50 bed addition to the Life Enhancement Dementia Unit
- Over $5 million for the Department of Resources and Economic Development for repairs and improvements at various state parks
- $19 million for the Pease Development Authority to complete an expansion of the Piscataqua River turning basin to allow larger vessels to navigate through Portsmouth Harbor
- $10.6 million and $9.4 million in Federal reimbursement funding for two Field Maintenance Structures for the Adjutant General in Hooksett and Rochester, NH, respectively
- $8 million for the Liquor Commission to raze and construct a new Portsmouth Traffic Circle Retail Store

It is estimated that $25 million will be required to install new heating systems at 26 state facilities that are currently obtaining heat from Concord Steam, a local utility provider. The conversion to permanent heating plants will begin in the spring of 2017 and be completed by October 2018.

Financial Information

General Fund & Education Trust Fund FY 2014, 2015 & 2016
($ in millions)

	FY 2014	FY 2015			FY 2016		
	Total	General	Education	Total	General	Education	Total
Undesignated Fund Balance, July 1	$72.2	$21.9		$21.9	$49.0		$49.0
Unrestricted Revenue	2,173.2	1,397.7	869.0	2,266.7	1,528.8	928.8	2,457.6
Exxon Settlement - 10% to RDF					30.7		30.7
Total Additions	2,173.2	1,397.7	869.0	2,266.7	1,559.5	928.8	2,488.3
Deductions:							
Appropriations Net of Estimated Revenues	(2,264.7)	(1,325.3)	(961.3)	(2,286.6)	(1,423.7)	(957.3)	(2,381.0)
Less Lapses	59.4	67.7	13.7	81.4	39.9	0.4	40.3
Total Net Appropriations	(2,205.3)	(1,257.6)	(947.6)	(2,205.2)	(1,383.8)	(956.9)	(2,340.7)
GAAP and Other Adjustments	(17.5)	(20.5)		(20.5)	(36.7)		(36.7)
Current Year Balance	(49.6)	119.6	(78.6)	41.0	139.0	(28.1)	110.9
Fund Balance Transfers (To)/From:							
Rainy Day		(13.0)		(13.0)	(70.7)		(70.7)
Fish and Game Fund	(0.7)	(0.9)		(0.9)	(0.7)		(0.7)
Education Trust Fund		(78.6)	78.6		(28.1)	28.1	
Undesignated Fund Balance, June 30	$21.9	$49.0		$49.0	$88.5		$88.5
Reserved for Rainy Day Account	9.3	22.3		22.3	93.0		93.0
Total Unassigned Fund Balance	$31.2	$71.3	$-	$71.3	$181.5	$-	$181.5

Fiscal Year 2016 Operations

The fiscal year 2016 budget as adopted in 2015 (the "fiscal year 2016 budget") assumed the State would start the year with an unassigned general fund surplus of $49.0 million and a Revenue Stabilization Fund ("Rainy Day Fund") balance of $23.8 million. Fiscal year 2016 did begin with the projected balance of $49.0 million, but the Rainy Day Fund balance was short of the estimate by $1.5 million, at $22.3 million. The results of revenue, expenditures and other estimates for fiscal year 2016 were expected to bring the unassigned General Fund surplus down by $15.5 million, to $32.9 million, with the Rainy Day Fund balance expected to remain unchanged during fiscal year 2016. However, the fiscal year ended with an unassigned General Fund surplus of $88.5 million and a Rainy Day Fund balance of $93.0 million, for a total unassigned fund balance of $181.5 million. Overall, the major factors driving the increase in total unassigned fund balance were the savings of fiscal year 2016 appropriations and, to an even greater extent, revenues coming in higher than budgeted by $150.5 million. Within the unassigned fund balance, the Rainy Day Fund increased $70.7 million over the prior year, as a result of legislation requiring a portion of the revenues over plan being transferred directly to the Rainy Day Fund, as well as the addition of $30.7 million representing ten percent of judgments received from environmental litigation discussed below.

Traditional unrestricted revenue for the General and Education Trust Funds received during fiscal year 2016 totaled $2,457.6 million which was above the fiscal year 2016 Plan of $2,291.1 million by 7.3%. The favorable results as compared to the fiscal year 2016 budget resulted, in part, from the following taxes which performed better than expected: Business Taxes by $132.8 million (23.4%); Meal and Rentals Taxes by $9.8 million (3.3%); Insurance Taxes by $5.1 million (4.3%); Tobacco Taxes by $4.3 million (1.9%); and Real Estate Transfer Taxes by $16.2 million (13.7%). Interest and Dividends Taxes were below the fiscal year 2016 budget by approximately $3.8 million (4.1%) and Communications Taxes were below the fiscal year 2016 budget by $5.7 million (9.8%). The State's other remaining revenue sources combined were approximately $7.8 million above the fiscal year 2016 budget.

Impacting the positive variances noted above were the State's revenue collections under the tax amnesty program conducted during a portion of fiscal year 2016 for all taxes collected by the Department of Revenue Administration. Although not incorporated into the State's revenue plan, the program was expected to generate $16 million above traditional revenue collections. Actual receipts were approximately $19 million, or $3 million more than originally estimated. Also, not reflected in the traditional unrestricted revenue total above is a one-time settlement received during the year of $307.2 million from the MtBE settlement (see Note 14 to the Financial Statements). Of this, $30.7 million was transferred to the Rainy Day Fund in accordance with RSA 7:6-e, and the remaining $276.5 million will be held as a component of restricted fund balance, to be administered as the newly established NH Drinking Water and Groundwater Trust fund in accordance with Senate Bill 380 (Chapter 11, 2016 session).

Net General Fund and Education Fund appropriations exceeded the fiscal year 2016 budget estimates by $16.5 million (0.7%). The fiscal year 2016 budgeted net appropriations of $2,327.9 million included approximately $46.7 million in anticipated lapses all of which were not achieved during the fiscal year, with actual lapses coming in at $40.3 million for a difference of $6.4 million. Appropriations authorized after the passage of the fiscal year 2016 budget via new legislation or existing laws made up the remainder of the increase in net appropriations.

Net unfavorable closing adjustments made in accordance with GAAP to bring the budgetary accounting basis to the modified accrual accounting basis totaled $36.7 million for fiscal year 2016. GAAP and other adjustments were not budgeted in fiscal year 2016. The most significant of the GAAP and other adjustments affecting fiscal year 2016 was the recording of the $10.4 million liability and expense as a result of the expected resolution of the City of Dover v. State of New Hampshire litigation, representing payment of the entire amount of education adequacy aid withheld due to the cap. Also significant was the increase in the State's share of Medicaid liability required as of June 30, 2016. A General Fund GAAP adjustment of approximately $9.6 million was required to recognize liabilities that have been reported or billed and not yet paid to providers and managed care organizations, as well as liabilities incurred by the same providers and organizations during the same period but not yet reported. The remainder of this unfavorable variance was due to smaller scale increases in other areas, including accounts payable and accrued payroll, due largely to the timing of payments.

As noted above, the total unassigned General Fund balance at the close of fiscal year 2016 was $181.5 million, consisting of $88.5 million of undesignated fund balance and $93.0 million in the Rainy Day Fund. Per Ch. 264:5, Laws of 2016, to the extent that fiscal year 2016 audited unrestricted General Fund and Education Trust Fund revenues exceed plan, an amount not to exceed $40 million shall be transferred to the Rainy Day Fund, thereby contributing to the increase to $93.0 million. This transfer resulted in the unassigned portion of fund balance decreasing to $88.5 million, exceeding the anticipated budget balance of $32.9 million by $55.6 million.

Highway Fund

The Highway Fund ended the year with an operating surplus of approximately $35.4 million as compared to the fiscal year 2016 balance assumed in the budget of $5.0 million. The highway fund balance at the start of fiscal year 2015 was $16.2 million, which was $4.6 million higher than the beginning balance of $11.6 million assumed in the fiscal year 2015 budget. The actual highway fund revenues were higher than those in the fiscal year 2016 budget by $10.1 million. The fiscal year 2016 unrestricted highway fund revenues were approximately $41.4 million lower than Fiscal Year 2015. The Fiscal Year 2015 revenues included approximately $14 million of installment revenue from the Turnpike System related to the I-95 sale transaction that took place back in 2010, while in fiscal year 2016 the payment related to that transaction, which represents the final payment, was only $0.4 million. Also contributing to this negative revenue variance as compared to the prior year was a change in the treatment of the revenue associated with the recovery of the cost of the collection and administration of that revenue. In the prior year, over $25 million of revenue was classified as unrestricted, but in the current year it is classified as restricted. Fiscal year 2016 net appropriations of $198 million were $11.1 million lower than those assumed in the budget, with this positive variance being driven mostly by the lapse being $13.1 million greater than assumed in the budget. Fiscal year 2016 net appropriations were also almost $70 million lower than the prior year, with this variance being caused by the change in appropriations for the cost of collecting Highway Fund revenue being converted from unrestricted to restricted, as well as by the increased reliance on General Fund and other appropriations in areas that were funded with Highway Fund appropriations in the prior year.

When comparing the fiscal year 2016 budget to actual results, these favorable variances in beginning balance, unrestricted revenue, and net appropriations all contributed to a year-end actual highway fund surplus of $35.4 million, which was $30.4 million greater than that assumed in the budget. As all fund balance within the highway fund is categorized as restricted, the surplus amount is embedded within restricted fund balance. Additional information on the Highway Fund can be found on page 137.

Fish & Game Fund

The Fish and Game Fund ended fiscal year 2016 with an Undesignated Fund Balance of approximately $1.1 million versus the original budget as passed in 2015 of $0.5 million. The actual fiscal year 2016 beginning balance was $0.1 million higher than the beginning balance assumed in the budget. Fish and Game Fund additions of $13.6 million were favorable for the year by approximately $0.1 million as compared to the fiscal year 2015 budget of $13.5 million. Favorable variances to the fiscal year 2015 budget also occurred in net appropriations, with net appropriations of $12.8 million coming in $0.7 million lower than budgeted, driven mostly by a larger than expected lapse of $1.4 million, to result in a favorable year end surplus balance variance of $0.6 million. Included in the additions to the Fish and Game Fund was a transfer from the general fund made during fiscal year 2015, as budgeted, in the amount of $0.6 million. Fiscal year 2016 amounts, as compared with prior year amounts, were relatively consistent. The fish and game surplus balance is embedded within assigned fund balance within the fish and game fund. Additional information regarding the fish and game fund can be found on page 138.

Unrestricted Net Position

At the Government-Wide Level, the State's Governmental Activities unrestricted net position is less than the unrestricted liabilities which results in a deficit of Unrestricted Net Position. Since fiscal year 2009 (on a restated basis), the State's net position has changed from an unrestricted positive balance to an unrestricted deficit balance. The deficit balance as of June 30, 2016 was $1,585.0 million. The deficit unrestricted net position appears to be primarily the result of the following: 1) $1,069.0 million of Other Post Employment Benefit (OPEB) Liabilities outstanding as of June 30, 2016 (see Note 11) 2) 795.3 million of Net Pension Liabilities outstanding as of June 30, 2016 (see Note 11) 3) Long-Term debt issued by the State for component unit capital purposes, $187 million outstanding principal balance as of June 30, 2016 ($150 million USNH and $37 million CCSNH), that did not result in a Governmental Activities' capital asset (assets are recorded on the balance sheets of USNH and CCSNH), and 4) school building aid long term debt which was bonded between 2009-2011 with a remaining principal balance of approximately $87 million that did not result in a State capital asset.

General Fund & Education Trust Fund FY 2014, 2015 & 2016

($ in millions)

		FY 2015			FY 2016			FY 2016 Combined
Revenue Category	Total	General	Education	Total	General	Education	Total	Plan
Business Profits Tax	$330.1	$282.4	$61.1	$343.5	$352.8	$74.2	$427.0	$340.1
Business Enterprise Tax	219.5	71.9	146.3	218.2	91.3	181.0	272.3	226.4
Subtotal	549.6	354.3	207.4	561.7	444.1	255.2	699.3	566.5
Meals & Rentals Tax	261.7	272.7	8.5	281.2	292.8	8.5	301.3	291.5
Tobacco Tax	220.1	128.7	92.6	221.3	132.4	94.7	227.1	222.8
Liquor Sales and Distribution	135.9	138.5		138.5	139.8		139.8	143.6
Interest & Dividends Tax	79.8	96.9		96.9	89.3		89.3	93.1
Insurance Tax	95.0	114.6		114.6	123.4		123.4	118.3
Communications Tax	59.3	57.3		57.3	52.4		52.4	58.1
Real Estate Transfer Tax	100.8	78.8	38.8	117.6	89.7	44.8	134.5	118.3
Transfers from Lottery Commisssion	72.4		74.3	74.3		75.9	75.9	73.0
Transfers from Racing & Charitable Gaming Commission	3.0		3.0	3.0		3.3	3.3	2.5
Tobacco Settlement	42.3	1.9	40.0	41.9	1.5	40.0	41.5	42.3
Utility Property Tax	35.8		41.0	41.0		43.3	43.3	41.3
Property Tax Retained Locally	363.6		363.4	363.4		363.1	363.1	363.1
Other	149.2	147.3		147.3	154.3		154.3	146.9
Subtotal	2,168.5	1,391.0	869.0	2,260.0	1,519.7	928.8	2,448.5	2,281.3
Recoveries	4.7	6.7		6.7	9.1		9.1	9.8
Total	$2,173.2	$1,397.7	$869.0	$2,266.7	$1,528.8	$928.8	$2,457.6	$2,291.1

Major Initiatives Expected to Affect the Future Financial Position of the State:

Increase Balance of the Revenue Stabilization Fund:

The balance of the State's Revenue Stabilization Fund ('Rainy Day Fund') had been $9.3 million since 2009. Fiscal year 2015 marked the first increase in the Rainy Day fund balance to $22.3 million. This amount is less than ideal relative to comparisons to other states and various general guidelines to ensure the State can absorb unpredicted financial challenges, but still represents an increase of 140% for the first time in six years. Additionally, Chapter 214, Laws of 2014 became effective in fiscal year 2015 and directed that whenever the Department of Justice receives

judgment or settlement money in excess of $1 million, the first 10 percent of those funds shall be transferred to the Rainy Day Fund. For fiscal year 2016, the State received environmental litigation settlement payments totaling $307.2 million, resulting in a $30.7 million increase to the Rainy Day Fund. In addition, with revenues coming in higher than plan, there was a transfer of $40 million to the Rainy Day Fund, bringing the balance to $93.0 million as of June 30, 2016.

Business Taxes and Interest & Dividends Taxes:

During the last few years, several changes have been made to the Business Tax and Interest & Dividend (I&D) tax laws. A list of the more significant changes was provided in the April 2014 Monthly Revenue Focus issued by the Department of Administrative Services at http://admin.state.nh.us/accounting/FY%2014/Monthly%20Rev%20April.pdf. The majority of those changes took effect in tax year 2013 or prior and therefore affected revenues starting in State fiscal year 2014. In particular, I&D law changes would have mostly taken effect in FY 2014.

The companion bill to the State's budget for fiscal years 2016-2017, SB 9 also reduced Business Profits Tax and Business Enterprise Tax rates from 8.5% to 8.2% and from 0.75% to 0.72%, respectively, for tax years ending on or after December 31, 2016. Additionally, if State Revenues achieve a certain threshold, these rates would see further reductions for tax years ending on or after December 31, 2018.

Medicaid Program:

- ***Managed Care Delivery Model.*** Significant changes were made to New Hampshire Medicaid during the 2011 legislative session. Notably, Chapter 125, Laws of 2011 directed the current fee-for-service program be converted to a managed care model effective July 2012 with Medicaid and Children's Health Insurance Program (CHIP) combined into one Medicaid managed care program. The State Plan Amendment (SPA) for this initiative (12-006) was submitted to CMS on March 30, 2012 and was approved on August 24, 2012. The contracts and associated rates for the Medicaid Managed Care model were approved by the federal Centers for Medicare and Medicaid Services on September 18, 2013. The Medicaid Care Management (MCM) program began open enrollment on September 11, 2013 for Step 1 Medicaid recipients with coverage beginning December 1, 2013 (Step 1 included medical services and behavioral health services). Total budgeted appropriations for fiscal years 2014 and 2015 were reduced by $5.8 million and $41.6 million respectively (approximately $2.9 million and $20.8 million General Funds) related to the conversion from the fee for service model to the managed care model.

  As of February 1, 2016, the State began mandatory enrollment in the MCM program of the remaining 10,000 members who initially could not be mandated into the managed care delivery system. On June 6, 2016, the Governor signed into law SB 553 instructing the Department of Health and Human Services to develop an implementation plan, in consultation with a publicly convened working group of stakeholders, for the remaining work of moving long-term services and supports into the Medicaid managed care delivery system. The plans for implementation of nursing home and home care services provided under the Choices for Independence Waiver into managed care are to be prepared prior to the plan for any other services. The Department continues to work through this public process and expects to continue to do so into 2017.

  An amendment to extend the managed care contracts with the current two carriers from July 1, 2017 to June 30, 2018 was approved by Governor and Council on October 5, 2016 to better align the length of the operations of the program with original intent of the authorizing legislation, to allow the work with stakeholders and carriers around the development of Step 2 services to be completed, and to provide the state a year to plan for a robust and open re-procurement process for continuing the Medicaid managed care program. The Department plans to release an RFP in summer of 2017 to competitively re-bid the Medicaid managed care contract for carriers to administer the Medicaid managed care program.

- ***New Hampshire Health Protection Program.*** The New Hampshire Health Protection Act, Chapter 3, Laws of 2014 (SB 413), codified at RSA 126-A:5, XXIII-XXVI and RSA 126-A:67 established the New Hampshire Health Protection Program to provide a coordinated strategy to access private insurance coverage for uninsured, low-income citizens with income up to 133 percent of the federal poverty level (FPL) using available, cost-effective health care coverage options for Medicaid newly eligible individuals at the earliest practicable date through December 31, 2016.

  As of July 1, 2014, New Hampshire residents began applying for Medicaid insurance coverage to start on August 15, 2014. The initial Program included two transitional programs: a mandatory Health Insurance Premium Program (HIPP) (repealed as of September 1, 2015) under which newly eligible individuals were provided access to cost-effective private employer sponsored insurance (the Program paid the employee's premiums and other costs of coverage) and a voluntary Bridge to Marketplace Program (ending December 31, 2015) under which those non-HIPP eligible were temporarily enrolled in private managed care plans either through the federal marketplace (if determined to be cost-effective) or managed care organizations currently under contract with the State. The final, long-term program, the Premium Assistance Program, under which newly-eligible persons are enrolled in commercial products, known as Qualified Health Plans, certified for sale on the NH Marketplace, began on January 1, 2016. As of November 23, 2016, there were 50,624 Medicaid members in the New Hampshire Heath Protection Program, 44,794 were covered through Qualified Health Plans provided by 5 commercial carriers.

  The NH Health Protection Program service costs are funded with 100% federal funds through the end of calendar year 2016 and all payments and reimbursement of federal funds are managed in the NH Health Protection Fund established under 126-A:5-b and administered by the Commissioner of the Department of Health and Human Services. The State received $202.4 million in fiscal year 2015 and $405.9 million in fiscal year 2016 in federal funds to provide private health insurance coverage to the expanded Medicaid population. There were approximately 50,624 people enrolled as of November 23, 2016. While costs for coverage are 100% federally funded through calendar year 2016, administration is matched at 50% and system development and implementation costs are matched at 90% or 75%.

  On March 23, 2016 The New Hampshire General Court enacted legislation (HB 1696) authorizing the continuation of the New Hampshire Health Protection Program, pending approval of any necessary waivers or state plan amendments by the CMS by November 1 of 2016. Pursuant to HB1696, no General Funds can be spent on the non-federal share of the costs of the program, which will begin in 2017 and 2018 when the FMAP rate falls to 95 and 94 percent federal funds, respectively. Voluntary contributions from health

insurance carriers, hospitals and any other gifts, grants and donations are anticipated to be the source of the non-federal share. Failure to have sufficient funds to pay the non-federal share will result in the termination of the program 180 days after the determination that funding is insufficient.

- ***Future Outlook:***

Caseloads. The fiscal year 2016 budget anticipated a Medicaid caseload decrease of 2 percent starting July 1, 2015. Total caseloads in standard Medicaid (excluding the NH Health Protection Program) had fallen slightly from October 31, 2015 to October 31, 2016, but growth within individual Medicaid eligibility categories, such as CHIP eligible children and the elderly has been consistently indicated, and growth in the New Hampshire Health Protection program category has continued as well. It is anticipated that falling caseloads in some Medicaid eligibility categories have been absorbed by the NHHPP eligibility category.

Transformation Waiver. On January 5, 2016 New Hampshire received approval from the Centers for Medicare and Medicaid Services (CMS) for a Research and Demonstration waiver in accordance with Section 1115 of the federal Social Security Act to access new federal funding to help transform its behavioral health delivery system to (1) deliver integrated physical and behavioral health care that better addresses the full range of individuals' needs, (2) expand capacity to address emerging and ongoing behavioral health needs in an appropriate setting, and (3) reduce gaps in care during transitions across care settings by improving coordination across providers and linking patients with community supports.

Under the Demonstration, New Hampshire will receive federal funds of up to $30 million per year for five years to make performance-based incentive payments to new regional networks of health care and community service providers (Integrated Delivery Networks) who propose specific projects that will strengthen the capacity of the state's behavioral health system, integrate mental health and substance use disorder (SUD) care with primary care, and lower the long-term growth in health care costs for the state.

The waiver is a critical component of New Hampshire's broader delivery system and Medicaid reform agenda. It has been designed to build upon and strengthen a number of other initiatives underway in New Hampshire, including the expansion of Medicaid to newly eligible adults; the recent move to comprehensive Medicaid managed care (which includes both physical and behavioral health benefits); the State's Health Improvement Plan; the recently awarded State Innovation Model Planning Grant; the Governor's proposal to extend SUD services to the whole Medicaid population in fiscal year 2017; and the State's initiative to reorganize the Department of Health and Human Service around a "whole person" approach to providing services.

As of June 30, 2016, through the Transformation Waiver, DHHS approved 7 regional networks of providers, known as individual Integrated Delivery Networks or IDNs, to be eligible to receive capacity building funds in 2016 and performance based incentive funds affiliated with their projects in 2017-2020. DHHS dispersed $19.5 million in capacity building funds to the 7 IDNs as of September 30, 2016. DHHS anticipates releasing an additional $6.9 million in project planning funding before the end of calendar year 2016, upon approval of IDN developed Project Plans, which were submitted on October 31, 2016.

Workforce Development Challenges

Current data estimates indicate that up to 60% of full-time state employees will be "eligible" to retire within the next five (5) years. Based on their age and years of service, in the next five (5) years as many as 50% of those eligible are considered "likely to retire." This represents about 30% of all full-time state employees. As a result, the overall turnover rate for the state is expected to increase by about 3%, up from approximately 9% in past years to around 12%. The labor shortage experienced in the private sector impacts the public sector. This situation poses challenges to fill positions with qualified applicants who are prepared to assume vital roles as they become available in the future. Accordingly, the State is continuing to address the development of the State's workforce through talent acquisition management initiatives. The Department of Administrative Services has begun work to identify the top issues with workforce development facing State agencies and has re-initiated the Workforce Development Committee, renamed the Talent Acquisition and Management Steering Committee. This statewide team of 20 individuals has continued the work that was started in 2008. The Steering Committee identified recruitment, retention, retirement, knowledge transfer and vacancy rates as the top issues facing state agencies. Efforts are underway to collaborate with the public sector and secondary and higher education on initiatives to keep talent in New Hampshire. Further, the group is developing outreach, recruitment, training and marketing strategies that will be essential to attract, develop and retain the skilled workforce needed to meet the needs of the State's customers and fulfill the promise of the state as an employer of choice.

Highway Fund Financing

In May 2016, the State entered into the Transportation Infrastructure Finance and Innovation Act (TIFIA) financing agreement for $200 million to advance the construction of the remaining I-93 expansion projects. The loan proceeds are being used on four Federal Highway Administration (FHWA) approved projects included in the I-93 widening project, of which two were active in state fiscal year 2016. These projects are accounted for and reported in the Highway Fund. Total proceeds attributed to Fiscal Year 2016 expenditures were $9.7 million, representing a long-term note payable.

Retirement Funding

The New Hampshire Retirement System is the administrator of the cost-sharing multiple-employer Public Employee Retirement System (NHRS) established in 1967 by RSA 100-A:2 (see Note 11). The New Hampshire Judicial Retirement Plan (NHJRP) is a single employer plan established in 2005 by RSA 100-C:2. For the year ending June 30, 2015, the State implemented GASBS No. 68, *Accounting and Financial Reporting for Pensions*, (GASBS 68). The new standard significantly changes how governments measure and report the long-term obligations and annual costs associated with the pension benefits they provide through pension plans administered through trust or equivalent arrangements. Under the new standards, the State will report a net pension liability associated with pension benefits provided through the NHRS and the NHJRP. Based on GASBS 68, as of June 30, 2016 the State reported a total liability of $834.1 million for its proportionate share of the net pension liability of

the NHRS liability and the net pension liability of NHJRP. This liability-based approach replaces the funding progress-based approach in place before fiscal year 2015.

Funding Status:
The Pension Plan is funded by contributions from the members, the State and local employers and investment earnings. The State has enacted various legislative changes in recent years in order to address certain issues pertaining to the Pension Plan, including, among other matters, the level of benefits to be received by retirees and the contributions required to be made by employers and employees. Certain of the legislative changes were challenged in court, with all of the cases having been resolved in favor of the constitutionality of the legislation (see Note 14 Litigation).

OPEB
In addition to pensions, many state and local governmental employers provide other postemployment benefits ("OPEB") as part of the total benefit component of compensation offered to attract and retain the services of qualified employees. OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (for example, health insurance) when provided separately from a pension plan. From an accrual accounting perspective, the cost of OPEB, like the cost of pension benefits, generally should be associated with the periods in which the exchange occurs (matching principle), rather than with the periods (often many years later) when benefits are paid or provided. However, in current practice, most OPEB plans are financed on a pay-as-you-go basis. As of December 31, 2014 (most recent valuation), the State's estimated unfunded actuarial accrued liability (UAAL) was estimated at approximately $2.1 billion, a slight increase over the previous valuation of $1.9 million as of December 31, 2012, largely due to an actuarial experience loss and valuation assumption changes, most significant was a 5% increase in the prescription drug trend assumption.

Although recent efforts by the State have reduced this UAAL from approximately $2.3 billion as of December 31, 2010, the State continues to focus on ways to reduce the current and future costs of this benefit. Pursuant to Chapter 144:33, Laws of 2013, a study commission was established to review retiree health care benefits for employees hired after July 1, 2013 in light of the implementation of the Patient Protection and Affordable Care Act and to recommend a cohesive plan outlining cost effective health plan models effective for such new employees. The Commission report which included findings and recommendations for future study was issued to the Governor and the Fiscal Committee of the general court on November 15, 2013.

In June 2015, the Department of Administrative Services received updated projected retiree health rates from its actuaries that resulted in an estimated $10.6 million deficit in its retiree health benefits account for fiscal years 2016 and 2017. On October 20, 2015 and November 3, 2015 the Fiscal Committee made changes to the Retiree Health Benefit plan design and retiree premium contribution to save approximately $4.8M during the FY16/17 biennium. DAS will also employ retiree health benefits surplus funds, amounts that are above and beyond the statutory health reserve amount of 3% required by RSA 21-I:30-b (1), to operate the Retiree Health Program within the Fiscal Year 2016/2017 budgets. In addition, the Department of Administrative Services has begun working with its health care consultants to research long-term retiree health benefit design options for the State of New Hampshire in anticipation of future legislative changes to the Retiree Health Benefit Plan and funding levels.

Budgetary Process

The State budget is prepared on a biennial basis. Prior to the start of each biennium, all departments of the state are required by law to transmit to the commissioner of the Department of Administrative Services requests for capital and operating expenses and estimates for revenue for the ensuing biennium. Following public hearings and consultation with various department heads, the Governor prepares a recommended budget. The budget is forwarded to the Legislature by February 15th of the odd year for consideration. The Legislature performs its review of the proposed budget and can make further adjustments. The budget passed by the Legislature is forwarded to the Governor to be enacted into law or to be vetoed. This usually occurs in June of that same odd numbered year.

The legal level of budgetary control is generally at the expenditure class level within each accounting unit within each department level. All departments are authorized to transfer appropriations between and among accounts within the department, unless restricted by law, with prior approval from the Legislative Fiscal Committee, the Governor and the Executive Council as required.

Internal Controls

Major fiscal responsibilities within the State are segregated among the following officials:

- ***Department of Administrative Services (DAS)*** - The Commissioner of Administrative Services, the assistant commissioner/budget officer and the comptroller are responsible for enforcing financial policy guidelines, assisting with the development of the executive budget, collecting financial data from individual agencies, developing and reviewing appropriation control procedures, and compiling agency financial information.
- ***Legislative Budget Assistant (LBA)*** - The LBA, appointed by the Fiscal Committee, is responsible for ensuring that an annual audit is conducted of the state's basic financial statements prepared by the Department of Administrative Services. The LBA also provides staff assistance to the finance committees of the state Legislature. The LBA Audit Division performs various financial, compliance, and performance audits of state agencies.
- ***State Treasurer*** - The State Treasurer, elected by the Legislature, is responsible for executing policy for the management of the state treasury and depositing and investing state funds as well as the issuing of general obligation and revenue bonds.
- ***State Agencies*** - Agency commissioners and directors are responsible for administering their agencies, in accordance with legislative and executive directives, to effectively service the citizens of the State.

Through fiscal year 2016, financial transactions for the various state agencies were recorded in the New Hampshire accounting ERP System, NHFirst. The state's centralized accounting system and other accounting procedures are designed to provide various controls to provide reasonable, though

not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use and the proper recording of financial transactions. In connection with the adoption of the State's new ERP system, substantial training was provided by DAS, which served to strengthen users' procedures and instruct them in the system of internal controls employed in its use. In some instances, agencies continue to use other applications to track financial data; however, transactions are recorded in NHFirst and reconciled on a periodic basis.

Audits

Pursuant to RSA 21-I:8,II, (a), the Legislative Budget Assistant may designate a certified public accountant not employed in state service to conduct an annual audit, in accordance with Generally Accepted Auditing Standards, of the State's basic financial statements. KPMG, LLP, the designated certified public accountant, has performed an independent audit of the State's basic financial statements for the fiscal year ended June 30, 2016.

In order to comply with the Single Audit Act of 1984, the Legislative Budget Assistant also contracts for a single audit of the state as a whole, which will include a report on compliance with requirements of federal funds received by the state. This report (including a Schedule of Expenditures of Federal Awards received by the State and comments on internal accounting controls and compliance with laws, rules and regulations) will be published separately and is anticipated to be completed in March 2017.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of New Hampshire for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. This is the seventh consecutive year that the State has received this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to substantially meet the Certificate of Achievement Program's requirements.

Acknowledgements

In submitting this report, I acknowledge the cooperation, assistance and dedication of all state agencies and their employees.

Respectfully submitted,

Vicki V. Quiram, Commissioner

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of New Hampshire

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

Financial Section

KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

Independent Auditors' Report

To the Fiscal Committee of the General Court
State of New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of New Hampshire (the State), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Highway fund which represents 11.8% and 8.7% of the assets and revenues of the governmental funds, respectively. We also did not audit the financial statements of the Liquor Commission, and the Lottery, which represent 5.3% and 79.5% of the assets and revenues of the business-type activities, respectively. Additionally, we did not audit the financial statements of the Business Finance Authority of the State of New Hampshire, Community Development Finance Authority, Pease Development Authority and the Community College System of New Hampshire, which represent 13.1% and 13.2% of the assets and revenues of the aggregate discretely presented component units, respectively. Further, we did not audit the New Hampshire Judicial Retirement Plan and the New Hampshire Public Deposit Investment Pool, which represent 2.2% and 13.7% of the assets and revenues of the aggregate remaining fund information, respectively. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for these entities, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the New Hampshire Public Deposit Investment Pool and the Business Finance Authority of the State of New Hampshire were not audited in accordance with *Government Auditing Standards.*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we

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express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of New Hampshire, as of June 30, 2016, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, budget to actual schedules, and information about the State's other postemployment benefits, information about the New Hampshire Retirement System and information about the New Hampshire Judicial Retirement Plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The introductory section, other supplementary information within the financial section, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information within the financial section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the other supplementary information within the financial section is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2017 on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.

KPMG LLP

January 31, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

The following is a discussion and analysis of the financial activities of the State of New Hampshire (the State) for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information included in our letter of transmittal, which can be found at the front of this report, and with the State's financial statements which follow this section.

Government-Wide Highlights

Net Position: The total assets and deferred outflows of resources of the State exceeded total liabilities and deferred inflows of resources at fiscal year ending June 30, 2016 by $2.5 billion. This amount is presented as "Total Net Position" on the Statement of Net Position for the Primary Government (condensed information can be seen later in the MD&A section of this report). Of this amount, $1.6 billion is reported as a deficit in unrestricted net position, representing a deficiency of unrestricted, non-capital assets, to liabilities other than capital debt.

Changes in Net Position: The State's total net position, before special items, increased by $274.5 million, or 13.8%, in fiscal year 2016, as shown in the Comparative Changes in Net Position table within this report. In addition, during fiscal year 2016, the State received $276.5 million in net environmental litigation settlements, resulting in a total increase in net position to $551.0 million, or 27.7%, from $1,989.4 million to $2,540.4 million. Also as reflected in this table, the net position of governmental activities, including the special item, increased by $473.5 million (86.2%), from $549.3 million to $1,022.7 million in fiscal year 2016. Net position of the business-type activities showed an increase of $77.5 million (5.4%) related to fiscal year 2016 activity, from $1,440.1 million to $1,517.6 million. Total expenses for the period were $275.8 million or 4.3% higher than fiscal year 2015 and total revenues were approximately $488.3 million or 7.6% higher than fiscal year 2015.

Non-Current Liabilities: The State's total non-current liabilities increased by $43.9 million or 1.3% during the current fiscal year, and is largely due to the increase in the State's aggregate net pension liability as of June 30, 2016 of $834.1 million as compared to $772.3 million as of June 30, 2015. Reported non-current debt, including bonds and notes, decreased $130.9 million or 8.8%, as a result of payments on outstanding debt. The State issued no new bonds but had a $9.7 million issuance of notes payable during fiscal year 2016, related to the Federal Transportation Infrastructure Finance and Innovation Act (TIFIA), as described in Footnote 5 of the Notes to the Basic Financial Statements. Also, an increase in long-term liabilities of $107.2 million was recorded for other postemployment health benefits in accordance with governmental accounting standards.

Fund Highlights:

Governmental funds - Fund Balances: As of the close of fiscal year 2016, the State's governmental funds reported a combined balance of all funds of $893.2 million, an increase of $322.5 million over the prior year. Within the governmental funds, fund balances for the general fund and education fund increased by $396.0 million and $0.3 million, respectively. This increase was partially offset by a decrease of fund balance of $13.0 million in the highway fund and a decrease of $60.8 million in the combined non-major governmental funds. The increase in the general fund was driven by a $291.1 million increase in restricted fund balance, primarily due to the settlement of environmental litigation during fiscal year 2016 which resulted in $307.2 million in proceeds to the State, with $276.5 million recorded as restricted fund balance. In addition, the State recognized a $110.2 million increase in unassigned fund balance, as fiscal year 2016 ended with an unassigned fund balance of $181.5 million as compared to $71.3 million in the previous year. This balance includes a Revenue Stabilization balance of $93.0 million as compared to $22.3 million in the prior year, partially driven by $30.7 million of the environmental litigation settlement (ten percent) which was designated toward the State's "Rainy Day fund". The remaining increase in the general fund unassigned fund balance was due to higher unrestricted revenue as compared to the planned amount. The fund balance changes in the highway fund and the combined non-major governmental funds were caused by the timing of project expenditures in the respective funds, as well as the impact of no bond issuance in the current year in the non-major governmental fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the State's basic financial statements. The State's basic financial statements include three components:

1. Government-Wide financial statements,
2. Fund financial statements, and
3. Notes to the basic financial statements.

This report also contains required supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The Government-Wide Financial Statements provide a broad view of the State's finances. These statements (Statement of Net Position and the Statement of Activities) provide both short-term and long-term information about the State's overall financial position. They are prepared using the economic resources measurement focus and accrual basis of accounting, which recognizes all revenues and expenses connected with the fiscal year even if cash has not been received or paid.

The **Statement of Net Position**, beginning on page 30 presents all of the State's non-fiduciary assets and liabilities as well as any deferred outflows of resources or deferred inflows of resources. The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as "net position" instead of fund balance as shown on the Fund Statements. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the State is improving or deteriorating.

The **Statement of Activities**, beginning on page 32, presents information showing how the State's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as uncollected taxes and licenses and earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the State.

Both of the Government-Wide Financial Statements have separate sections for three different types of State activities. These three types of activities are:

Governmental Activities: The activities in this section represent most of the State's basic services and are generally supported by taxes, grants and intergovernmental revenues. The governmental activities of the State include general government, administration of justice and public protection, resource protection and development, transportation, health and social services, and education.

Business-Type Activities: These activities are normally intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. These business-type activities of the State include the operations of the:

Liquor Commission,
Lottery Commission (includes Racing & Charitable Gaming Commission),
Turnpike System,
State Revolving Fund (SRF), and
New Hampshire Unemployment Compensation Trust Fund

Discretely Presented Component Units: Component Units are entities that are legally separate from the State, but for which the State is financially accountable. The state's discretely presented component units are presented in the aggregate in these Government-Wide Statements and include the:

University System of New Hampshire (USNH),
Business Finance Authority of the State of New Hampshire
Community Development Finance Authority,
Pease Development Authority, and
The Community College System of New Hampshire

Complete financial statements of the individual component units can be obtained from their respective administrative offices. Addresses and other additional information about the state's component units are presented in the notes to the basic financial statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements, focus on the individual parts of the State government, and report the State's operations in more detail than the government-wide statements. The State's funds are divided into three categories – governmental, proprietary and fiduciary. For governmental and proprietary funds, only those funds that are considered Major Funds are reported in individual columns in the Fund Financial Statements with the Non-Major Funds reported in the aggregate. Fiduciary funds are reported by fiduciary type (pension, private-purpose, investment trust, and agency).

Governmental Funds: Most of the basic services provided by the State are financed through governmental funds. Unlike the Government-Wide Financial Statements, the Governmental Fund Financial Statements report using the current financial resources measurement focus and modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the State's programs. The Governmental Fund Financial Statements can be found on pages 35 through 38.

Because the focus of governmental funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented here with similar information presented in the Government-Wide Financial Statements. Reconciliations are provided between the Governmental Fund Financial Statements and the Government-Wide Financial Statements, which can be found on pages 36 and 38.

The State's major governmental funds include the General Fund, Highway Fund, and Education Fund.

Individual fund data for each of the State's non-major governmental funds (Fish and Game Fund, Capital Fund and Permanent Funds) are provided in the combining statements found on pages 107 and 108.

Proprietary Funds: The State's proprietary funds charge a user fee for the goods and services they provide to both the general public and other agencies within the State. These activities are reported in five enterprise funds and one internal service fund. The enterprise funds, which are all considered major funds, report activities that provide goods and services to the general public and include the operations of the Liquor Commission, Lottery Commission, Turnpike System, SRF Fund and the New Hampshire Unemployment Trust Fund. The Internal Service Fund reports health-related fringe benefit services for the State's programs and activities.

Like the Government-Wide Financial Statements, Proprietary Fund Financial Statements use the economic resources measurement focus and accrual basis of accounting. Therefore there is no reconciliation needed between the Government-Wide Financial Statements for business-type activities and the Proprietary Fund Financial Statements. The Internal Service Fund is reported within governmental activities on the Government-Wide Financial Statements. The basic proprietary funds financial statements can be found on pages 40 through 43.

Fiduciary Funds and Similar Component Units: These funds are used to account for resources held for the benefit of parties outside the state government. Fiduciary funds are not reflected in the Government-Wide Financial Statements because the resources of these funds are not available to support the State's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds in that they use the economic resources measurement focus and accrual basis of accounting.

The State's fiduciary funds on pages 45-46 include the:

- **Pension Trust Funds** which account for the activity of the New Hampshire Retirement System and the New Hampshire Judicial Retirement Plan, which are component units of the State,
- **Investment Trust Fund** which accounts for the activity of the external investment pool known as the New Hampshire Public Deposit Investment Pool (NHPDIP),
- **Private-Purpose Trust Funds** which account for the activity of trust arrangements under which principal and income benefit individuals, private organizations, or other governments, and
- **Agency Funds** which account for the resources held in a pure custodial capacity.

Individual fund detail can be found in the combining financial statements in the Other Supplementary Information Section.

Major Component Unit

The State has only one major discretely presented component unit - the University System of New Hampshire and four non-major discretely presented component units. This separation is determined by the relative size of the individual entities' assets, liabilities, revenues and expenses in relation to the combined total of all component units. The combining financial statements for the component units can be found on pages 48 and 49.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements begin on page 51.

Required Supplementary Information

In addition to this Management's Discussion and Analysis the basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for each of the State's major governmental funds, and includes reconciliation between the statutory fund balance for budgetary purposes and the fund balance as presented in the governmental fund financial statements. In addition, information about the New Hampshire Retirement System and the New Hampshire Judicial Retirement Plan, as required under GASBS 68 and a schedule of funding progress for the State's Other Postemployment Benefit Plan are presented.

Other Supplementary Information

Other supplementary information includes combining financial statements and schedules for governmental, internal service and fiduciary funds and non-major component units.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The State's combined net position (government and business-type activities) totaled $2.5 billion as of June 30, 2016 which was $551.0 million, or 27.7%, higher than the net position as of June 30, 2015, largely due to the environmental litigation settlement and increased unrestricted revenue received during fiscal year 2016.

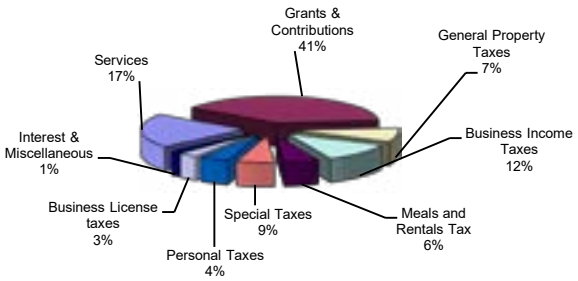
Comparative Net Position as of June 30, 2016 and 2015
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current assets	$1,623,638	$1,252,790	$826,708	$831,809	$2,450,346	$2,084,599
Capital assets	2,942,881	2,805,945	931,480	903,188	3,874,361	3,709,133
Other assets	62,891	59,957	373,276	350,631	436,167	410,588
Total assets	4,629,410	4,118,692	2,131,464	2,085,628	6,760,874	6,204,320
Total deferred outflows of resources	101,639	82,861	6,127	5,527	107,766	88,388
Noncurrent liabilities	2,933,476	2,856,960	476,326	508,999	3,409,802	3,365,959
Current liabilities	728,166	693,150	141,254	136,818	869,420	829,968
Total liabilities	3,661,642	3,550,110	617,580	645,817	4,279,222	4,195,927
Total deferred inflows of resources	46,666	102,162	2,387	5,231	49,053	107,393
Net Position:						
Net Investment in capital assets	2,206,073	2,036,066	502,720	485,461	2,708,793	2,521,527
Restricted	418,702	152,702	997,892	965,691	1,416,594	1,118,393
Unrestricted	(1,602,034)	(1,639,487)	17,012	(11,045)	(1,585,022)	(1,650,532)
Total net position	$1,022,741	$549,281	$1,517,624	$1,440,107	$2,540,365	$1,989,388

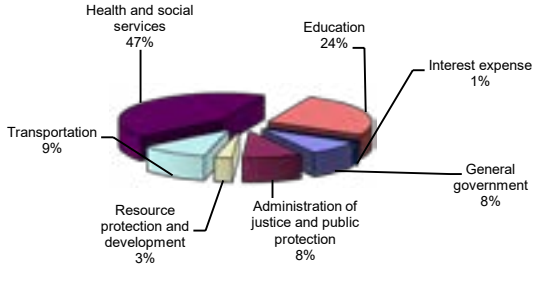
Comparative Changes in Net Position
For Fiscal Years Ending June 30, 2016 and 2015
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues:						
Charges for services	$962,549	$1,023,256	$1,223,594	$1,173,923	$2,186,143	$2,197,179
Operating grants & contributions	2,137,529	1,895,332	26,374	46,986	2,163,903	1,942,318
Capital grants & contributions	169,643	197,400	87	74	169,730	197,474
General revenues:						
General Property Taxes	407,276	408,678			407,276	408,678
Business Income Taxes	693,691	564,562			693,691	564,562
Meals and Rentals Tax	302,473	280,792			302,473	280,792
Special taxes	521,574	370,000			521,574	370,000
Personal taxes	226,803	221,501			226,803	221,501
Business License taxes	182,582	181,278			182,582	181,278
Interest	17,015	15,172			17,015	15,172
Miscellaneous	43,884	47,846			43,884	47,846
Total revenues	5,665,019	5,205,817	1,250,055	1,220,983	6,915,074	6,426,800
Expenses						
General government	445,931	442,490			445,931	442,490
Administration of justice and public protection	469,263	528,840			469,263	528,840
Resource protection and development	156,899	156,795			156,899	156,795
Transportation	500,899	501,461			500,899	501,461
Health and social services	2,717,099	2,406,752			2,717,099	2,406,752
Education	1,358,215	1,346,431			1,358,215	1,346,431
Interest Expense	54,748	41,877			54,748	41,877
Turnpike System			88,091	116,372	88,091	116,372
Liquor Commission			531,064	497,091	531,064	497,091
Lottery Commission			229,488	210,254	229,488	210,254
SRF Fund			9,288	22,962	9,288	22,962
Unemployment Compensation			79,569	93,450	79,569	93,450
Joint Underwriting Association						
Total expenses	5,703,054	5,424,646	937,500	940,129	6,640,554	6,364,775
Increase/ (decrease) in net position before transfers and other items	(38,035)	(218,829)	312,555	280,854	274,520	62,025
Special Item - Environmental Litigation Settlements	276,457				276,457	
Transfers & Other Items	235,038	228,098	(235,038)	(228,098)		
Increase/ (decrease) in net position	473,460	9,269	77,517	52,756	550,977	62,025
Net position - July 1	549,281	1,331,645	1,440,107	1,426,138	1,989,388	2,757,783
Cumulative effect of implementation of GASBS 68		(791,633)		(38,787)		(830,420)
Net position, end of year	$1,022,741	$549,281	$1,517,624	$1,440,107	$2,540,365	$1,989,388

Governmental Activities - Revenues
Fiscal Year Ending June 30, 2016



Governmental Activities - Expenses
Fiscal Year Ending June 30, 2016



Net Investment in Capital Assets: The largest portion of the State's net position reflects its investment in capital assets such as land, buildings, equipment, and infrastructure (roads and bridges); less any related outstanding debt used to acquire those assets. The State's net investment in capital assets increased $187.3 million from prior year. This increase was primarily the result of a net increase in capital assets of $165.2 million during the year. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves generally cannot be used to liquidate these liabilities.

Restricted Net Position: Another portion of the State's net position, $1,416.6 million, represents resources that are subject to external restrictions on how they may be used. State-imposed designations of resources, unless resulting from enabling legislation, are not presented as restricted net position. Restricted net position increased $298.2 million from prior year primarily due to the $276.5 million environmental litigation settlement, as well as a $24.8 million increase in restricted for environmental loan programs in the SRF Fund as a result of higher loan activity in fiscal year 2016.

Unrestricted Net Position: The deficit in the State's unrestricted net position is $1,585.0 million which is a decrease of $65.5 million from the deficit of $1,650.5 million from the previous year. The two largest components of the deficit are the net pension liability of $834.1 million and the net other postemployment benefit obligations of $1,069.0 million. Combined these non-current liabilities increased the deficit unrestricted net position by $169 million. However, this deficit increase was offset by the effect of increased government-wide revenues, as revenues exceeded expenses by $274.5 thousand in 2016, as compared to $62.0 thousand in 2015.

Changes in Net Position

The State's total net position increased by $274.5 million, or 13.8%, from current fiscal year activities, and $276.5 million from special items, for a total increase of $551.0 million, or 27.7%. Total revenues were $6,915.1 million, an increase of $488.3 million (7.6%) as compared to the prior year, and total reported expenses were $6,640.5 million, an increase of $275.8 million (4.3%) as compared to the prior year. The increase in revenues surpassed the increase in expenses, attributing to the increase in net position.

More than half of the State's revenue (65%) is from program revenue, consisting of charges for goods and services, and federal and local grants. Revenues not specifically targeted for a specific program are known as general revenues, which are primarily from taxes. In total, program revenues exceeded the prior fiscal year by $182.8 million and general revenues were higher by $305.5 million. General revenues were higher in fiscal year 2016 mainly as a result of business taxes outperforming revenue plan, in part due to changes in business tax rates as well as a tax amnesty program offered during fiscal year 2016. In addition, general revenues pertaining to the Medicaid Enhancement Tax drove much of the increase and are discussed in more detail below.

The State's expenses cover a range of services. The largest expenses were for Health and Social Services and Education, which accounted for 47% and 24% of total expenses, respectively. Increases in the State's Health and Social Services expenses are discussed below.

Analysis of Changes in Revenues and Expenses
For Fiscal Year Ending June 30, 2016 Compared to 2015
($ In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	$Change	% Change	$Change	% Change	$Change	% Change
Revenues						
Program revenues:						
Charges for services	(60.7)	-5.9%	49.7	4.2%	(11.0)	-0.5%
Operating grants & contributions	242.2	12.8%	(20.6)	-43.8%	221.6	11.4%
Capital grants & contributions	(27.8)	-14.1%			(27.8)	-14.1%
General revenues:						
General Property Taxes	(1.4)	-0.3%			(1.4)	-0.3%
Business Income taxes	129.1	22.9%			129.1	22.9%
Meals and Rental Taxes	21.7	7.7%			21.7	7.7%
Special taxes	151.6	41.0%			151.6	41.0%
Personal taxes	5.3	2.4%			5.3	2.4%
Business License taxes	1.3	0.7%			1.3	0.7%
Interest	1.8	11.8%			1.8	11.8%
Miscellaneous	(3.9)	-8.2%			(3.9)	-8.2%
Total revenues	459.2	8.8%	29.1	2.4%	488.3	7.6%
Expenses						
General government	3.4	0.8%			3.4	0.8%
Administration of justice and public protection	(59.5)	-11.3%			(59.5)	-11.3%
Resource protection and development	0.1	0.1%			0.1	0.1%
Transportation	(0.6)	-0.1%			(0.6)	-0.1%
Health and social services	310.3	12.9%			310.3	12.9%
Education	11.8	0.9%			11.8	0.9%
Interest Expense	12.9	30.9%			12.9	30.9%
Turnpike System			(28.2)	-24.2%	(28.2)	-24.2%
Liquor Commission			33.9	6.8%	33.9	6.8%
Lottery Commission			19.3	9.2%	19.3	9.2%
SRF Fund			(13.7)	-59.6%	(13.7)	-59.6%
Unemployment Compensation			(13.9)	-14.9%	(13.9)	-14.9%
Total expenses	278.4	5.1%	(2.6)	-0.3%	275.8	4.3%

Governmental Activities
Governmental activities decreased the State's net position by $38.0 million, before special item and transfers and other items. Revenues increased by $459.2 million or 8.8% from the prior year to total $5.7 billion. Total program revenue, consisting of charges for goods and services, and federal and local grants, increased $153.7 million or 4.9%, while taxes and other revenues increased $305.5 million or 14.6%. Reported expenses increased $278.4 million or 5.1%. The rise in program revenues was driven largely by an increase in federal grants, with the largest increase relating to federal funding for newly eligible Medicaid patients through the New Hampshire Health Protection Program. Also driving the increase in program revenues was an increase in the Medicaid Enhancement Tax, which is paid to the State by hospitals in New Hampshire and is based on certain revenues that those hospitals receive. The increase in general revenues was due largely to the improvement of economic conditions within the State, as these revenues consist of statewide property taxes, business profits tax, business enterprise tax, real estate transfer, tobacco, meals and rentals, and interest and dividends tax. The increase in expenses is primarily due to corresponding spending associated with the increase in federal grant revenue, including the impact of a full year of the New Hampshire Health Protection Program.

A comparison of the cost of services by function for the State's governmental activities with the related program revenues is shown in the chart above. The largest expenses for the State, Health and Social Services and Education, also represent those activities that have the largest gap between expense and program revenues. Since many of these significant program costs are not fully recovered from program revenues, these programs are supplemented from general revenues.

Business-Type Activities
Charges for goods and services for the State's combined business type activities were more than adequate to cover the operating expenses and resulted in an increase in net position of $312.6 million prior to transfers. Business-Type activities include the operations from the Liquor Commission, Lottery Commission, SRF Fund, Unemployment Compensation Fund, and Turnpike Fund. Operations of the Liquor Commission generated net income before transfers of $157.3 million, an increase of $5.2 million (3.4%) from the prior year, of which $3.2 million was transferred to the General Fund for the Alcohol Abuse Prevention/Treatment Fund. Transfers from the Liquor Commission to the General Fund for government operations totaled $152.7 million for fiscal year 2016. The Lottery Commission net income before transfers of $79.1 million was an increase of $1.9 million (2.5%) as compared to the prior year. The increases in net income at both the Liquor Commission and the Lottery Commission were mostly attributable to higher sales, largely due to continued opening of new Liquor stores and large big game jackpots. Additionally, the Turnpike System generated net income before transfers of $47.6 million, up from $11.5 million in the prior year. As compared to previous years, fiscal year 2015 income was low due to the recognition of a capital asset impairment expense in that year, which did not repeat in fiscal year 2016. The operations of the Unemployment Compensation fund yielded an increase in net position of $3.8 million, which is down from an increase of $6.5 million in the prior year, as a result of lower current year revenue brought on by a decrease in employer contribution rates. The operations of the State Revolving Fund yielded an increase in net position of $24.8 million, down from $33.6 in the prior year.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

As noted earlier, the State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds
The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Total Governmental Fund Balances increased $322.5 million in fiscal year 2016. A deficiency of revenues under expenditures of $200.1 million was funded by $245.9 million of net transfers from Enterprise Funds and Other Financing Sources, as well as a special item in the general fund totaling $276.5 million, resulting in a net increase in Governmental Fund Balance.

General Fund
The general fund is the primary operating fund of the State. The total fund equity at June 30, 2016 is $732.2 million, which was an increase of $396.0 over the prior year balance of $336.2 million The increase in the general fund was partially driven by the settlement of environmental litigation during fiscal year 2016 which resulted in $307.2 million in proceeds to the State, with $276.5 million recorded as restricted fund balance and $30.7 million being deposited in the Revenue Stabilization ("Rainy Day fund"). Revenues in the general fund were $4,159.8 million, $425.1 million (11.4%) higher than the prior year, the increase largely the result of increases In Special Taxes and Federal Grants received during fiscal year 2016. Expenditures increased by $399.7 million (10.6%) to $4,168.5 million, which was primarily the result of the increase in Health and Social Services expenditures. Both revenue and expenditures were higher during fiscal year 2016 due to continued increases in health and social services' federally-funded programs implemented during the year, including the New Hampshire Health Protection Program.

The general fund unassigned fund balance, comprised of the Rainy Day fund amount of $93.0 million and other fund balance of $88.5 million ended the year at $181.5 million, an increase of $110.2 million from the prior year. Overall, the major factors driving the increase in total unassigned fund balance were the savings of fiscal year 2016 appropriations and, to an even greater extent, revenues coming in higher than plan. Within the unassigned fund balance, the Rainy Day fund increased $70.7 million over the prior year, as a result of legislation requiring a portion of the revenues over plan being transferred directly to the Rainy Day fund, as well as the addition of $30.7 million representing ten percent of judgments received from environmental litigation. As of June 30, 2016, $88.5 million of the budgetary surplus remains as general fund unassigned fund balance.

Education Fund
The education fund, before year-end transfers from other funds, had a deficit balance of $107.0 million. Approximately $79.2 million was transferred from the Enterprise funds and the general fund made a transfer from unassigned fund balance for the remaining $28.1 million to bring the education assigned fund balance to $4.6 million at June 30, 2016. The remaining fund balance within the education fund primarily represents the remaining fiscal year 2016 appropriations available for Charter Schools.

Highway Fund
The highway fund ended the year with a restricted fund balance of $129.8 million. As the highway fund revenues include revenues primarily restricted by the State Constitution or the Federal Government, the fund balance as of June 30, 2016 is classified as restricted. This is a decrease of approximately $12.9 million from the fiscal year 2015 restricted fund balance of $142.7 million, which was driven largely by the timing of project expenditures.

Proprietary Funds
The State's proprietary fund statements provide the same type of information found in the Government-Wide Financial Statements, but in more detail. Like the Government-Wide Financial Statements, Proprietary Fund Financial Statements use the accrual basis of accounting. Therefore there is no reconciliation needed between the Government-Wide Financial Statements for business-type activities and the Proprietary Fund Financial Statements.

BUDGETARY HIGHLIGHTS

During the fiscal year, the original budget was amended by various supplemental appropriations and appropriation revisions. Budget to Actual Schedules for the major governmental funds are in the Required Supplementary Information section beginning on page 94.

General Fund:
The net increase from the original budget of $4,496.7 million to the final budget of $4,957.3 million is $460.6 million and represents additional appropriations issued and budget reductions recorded after adoption of the operating budget, primarily in the following categories of government: Health & Social Services ($285 million), Justice & Public Protection ($140 million) and Resource Protection and Development ($15 million). The budget increase is due largely to appropriations for federal programs not part of the adopted operating budget, including the New Hampshire Health Protection Program.

Actual total revenue was less than the final budget by approximately $344.9 million which was primarily the result of lower federal grant revenues. The federal grant revenue unfavorable variance of $419.6 million was due primarily to the timing of program expenditures. Total actual expenditures were approximately $794.3 million lower than the final budget primarily within the Department of Health & Human Services, the Department of Education, and the Department of Justice. Again this variance was largely due to the timing of program expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets
The State's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounted to $7.1 billion, with accumulated depreciation amounts of $3.2 billion, leaving a net book value of $3.9 billion, consistent with the prior year. The investment in capital assets includes equipment, real property, infrastructure, computer software, and construction in progress. Infrastructure assets are items that are normally immovable, of value only to the State, and include only roads and bridges. The net book value of the State's infrastructure for its roads and bridges approximates $2.3 billion, representing a $0.1 billion increase from the prior year.

The 2016-2017 capital budget authorizes nearly $271 million in capital appropriations, leveraging approximately $126 million in general fund bonding authority, with the balance from other sources. Some of the State's larger projects resulting in capitalized assets during fiscal year 2016 include:

- Construction in progress of approximately $10 million towards completion of a new, 224-bed women's prison ($38 million authorized in the fiscal year 2014-2015 capital budget, with another $14 million authorized in the fiscal year 2016-2017 budget).
- Building and land improvements of approximately $12 million relating to National Guard Armory locations as well as construction in progress of approximately $38.5 million relating to a newly constructed National Guard Training facility.
- Department of Safety expenditures totaling $4.2 million towards new Marine Patrol headquarters in the lakes region.
- Department of Transportation continued expenditures towards highways, bridges and other state infrastructure improvements.

Additional information on the state's capital assets can be found in Footnote 4 of the Notes to the Basic Financial Statements.

Debt Administration
The State may issue general obligation bonds and notes, revenue bonds, and notes in anticipation of such bonds authorized by the Legislature and Governor and Council. The State may also directly guarantee certain authority or political subdivision obligations. At the end of the current fiscal year, the State had total debt outstanding of $1,474.2 million. Of this amount, $899.4 million are general obligation bonds and notes payable, which are backed by the full faith and credit of the State, and $152.5 million are Federal Highway Grant Anticipation Bonds (GARVEE). The remainder of the State's debt is Turnpike revenue bonds, which are secured by the specified revenue sources within the Turnpike System.

The State had no new bond issuances in fiscal year 2016. However, in May 2016, the State entered into the Transportation Infrastructure Finance and Innovation Act (TIFIA) financing agreement to advance the construction of the remaining I-93 expansion projects. The loan proceeds are being used on four Federal Highway Administration (FHWA) approved projects included in the I-93 widening project, of which two were active in state fiscal year 2016. Total proceeds attributed to fiscal year 2016 expenditures were $9.7 million, representing a long-term note payable.

The State does not have any debt limitations, except for contingent debt guarantees, which are detailed in the notes to the financial statements. Additional information on the State's long-term debt obligations can be found in Footnote 5 of the Notes to the Basic Financial Statements.

Fitch Ratings has assigned the State's bond rating of AA+, Moody's Investors Service of Aa1, and Standard & Poor's of AA.

ECONOMIC CONDITIONS AND OUTLOOK

Along with the nation and the region, the State's economy is continuing to emerge from the recent recession buoyed by some strong positive economic indicators, but also with potential challenges ahead. Due to a favorable tax climate for individuals coupled with a high quality of life and standard of living, New Hampshire is considered a very attractive state to live in. As a result, New Hampshire has fared better coming out of this recession than many other states in the region and the nation. The State's preliminary October 2016 unemployment rate of 2.8% (seasonally adjusted) continues to be below the national average of 4.9%.

Fiscal Year 2017 Revenue Performance for the five months ended November 30, 2016:

Unrestricted revenue for the General and Education Funds received year to date through the month of November totaled $679.8 million, which was above plan by $23.2 million (3.5%) and above prior year by $18.5 million (2.8%).

Some of the strong performing revenue categories behind the positive variance, which are typically indicative of the overall economic climate, were:

- Business Taxes totaled $172.1 million through November, which was $25.2 million (17.2%) above plan and $6.9 million (4.2%) above prior year.
- Meals and Rentals Tax receipts through November were $4.5 million (3.0%) above plan and $7.3 million (5.0%) above prior year.
- Real Estate Transfer Taxes through November were $7.3 million (11.5%) above plan and $5.0 million (7.6%) above prior year.

The positive variances above were partially offset by:

- Tobacco Tax receipts through November of $93.5 million were $10.4 million (10.0%) below plan and $11.0 million (10.5%) below prior year.
- Collections for the Interest and Dividends Tax through November of $18.9 million were $2.1 million (10.0%) below plan and only $0.4 million (2.2%) above prior year.
- Collections for the Communications Services Tax for the month were $3.9 million, or $1.1 million (22.0%) below plan and $0.5 million (11.4%) below prior year. YTD collections of $20.7 million were $4.6 million (18.2%) below plan and $2.0 million (8.8%) below prior year. According to DRA, this revenue continues to experience a downward trend.

On an annual basis, the fiscal year 2017 General and Education Funds revenue Plan of $2,311.4 million is approximately $129.0 million lower (5%) than the actual traditional revenue realized in fiscal year 2016 ($2,457.6 million).

Going forward, the State will continue to monitor revenue collections closely. The state will continue to manage spending and institute budget reductions and program savings initiatives as needed.

A more comprehensive discussion of the region's economy is found in the Commissioner's Transmittal Letter.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the State's finances for all of New Hampshire citizens, taxpayers, customers, investors and creditors. This financial report seeks to demonstrate the State's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: State of New Hampshire, Department of Administrative Services, Division of Accounting Services, 25 Capitol Street, State House Annex Room 310, Concord, NH 03301.

Basic Financial Statements

STATE OF NEW HAMPSHIRE
STATEMENT OF NET POSITION
JUNE 30, 2016
(Expressed in Thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$578,107	$74,590	$652,697	$89,792
Cash and Cash Equivalents-Restricted	357,003	608,995	965,998	19,908
Investments				172,612
Investments - Restricted		27,079	27,079	
Receivables (Net of Allowances for Uncollectibles)	603,064	16,046	619,110	42,028
Other Receivables-Restricted	46,641	41,978	88,619	
Internal Balances Receivable (Payable)	15,650	(15,650)		
Inventories	23,173	69,613	92,786	
Other Current Assets		84	84	11,370
Other Current Assets-Restricted		3,973	3,973	
Total Current Assets	1,623,638	826,708	2,450,346	335,710
Noncurrent Assets:				
Receivables (Net of Allowances for Uncollectibles)	13,796		13,796	56,503
Other Receivables-Restricted	2,190	369,228	371,418	
Investments	25,607		25,607	671,643
Investments-Restricted	21,298		21,298	
Other Assets				61,090
Other Assets-Restricted		4,048	4,048	
Capital Assets:				
Land & Land Improvements	679,117	106,098	785,215	30,952
Buildings & Building Improvements	812,510	49,056	861,566	1,915,414
Equipment & Computer Software	398,353	59,333	457,686	154,855
Construction in Progress	211,587	142,840	354,427	121,434
Infrastructure	3,678,096	962,900	4,640,996	
Less: Allowance for Depreciation	(2,836,782)	(388,747)	(3,225,529)	(955,251)
Net Capital Assets	2,942,881	931,480	3,874,361	1,267,404
Total Noncurrent Assets	3,005,772	1,304,756	4,310,528	2,056,640
Total Assets	4,629,410	2,131,464	6,760,874	2,392,350
DEFERRED OUTFLOWS OF RESOURCES	101,639	6,127	107,766	50,441

The notes to the basic financial statements are an integral part of this statement.

STATE OF NEW HAMPSHIRE
STATEMENT OF NET POSITION
JUNE 30, 2016
(Expressed in Thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
LIABILITIES				
Current Liabilities:				
Accounts Payable	$419,764	$66,489	$486,253	$73,068
Accrued Payroll	41,309	3,509	44,818	6,320
Unearned Revenue	84,597	15,281	99,878	35,032
Unclaimed Property & Prizes	16,179	2,559	18,738	
General Obligation Bonds Payable	83,262	3,331	86,593	
Federal Highway Grant Anticipation Bond Payable	12,390		12,390	
Claims & Compensated Absences Payable	44,863	1,493	46,356	14,847
Other Liabilities	25,802	20,737	46,539	14,038
Revenue Bonds Payable		27,855	27,855	20,624
Total Current Liabilities	728,166	141,254	869,420	163,929
Noncurrent Liabilities:				
General Obligation Bonds Payable, Net	779,625	23,584	803,209	
Federal Highway Grant Anticipation Bond Payable	140,078		140,078	
Revenue Bonds Payable, Net		404,127	404,127	501,333
Notes Payable	9,685		9,685	
Claims & Compensated Absences Payable	90,255	7,017	97,272	34,049
Postemployment Benefits Payable	1,069,023		1,069,023	48,934
Derivative Instruments - Interest Rate Swaps				36,769
Net Pension Liability	795,345	38,721	834,066	64,590
Other Noncurrent Liabilities	49,465	2,877	52,342	73,826
Total Noncurrent Liabilities	2,933,476	476,326	3,409,802	759,501
Total Liabilities	3,661,642	617,580	4,279,222	923,430
DEFERRED INFLOWS OF RESOURCES	46,666	2,387	49,053	7,354
NET POSITION				
Net Investment in Capital Assets	2,206,073	502,720	2,708,793	800,775
Restricted for Debt Repayments		60,308	60,308	
Restricted for Uninsured Risks		3,003	3,003	
Restricted for Unemployment Benefits	10,307	294,866	305,173	
Restricted for Permanent Funds-Expendable	11,005		11,005	
Restricted for Permanent Funds-Non-Expendable	10,583		10,583	
Restricted for Prize Awards - MUSL & Tri-State		4,049	4,049	
Restricted for Environmental Remediation	348,284		348,284	
Restricted for Environmental Loan Programs	2,238	635,666	637,904	
Restricted for Health and Social Services	36,285		36,285	
Restricted Component Unit Net Position				465,716
Unrestricted Net Position (Deficit)	(1,602,034)	17,012	(1,585,022)	245,516
Total Net Position	$1,022,741	$1,517,624	$2,540,365	$1,512,007

The notes to the basic financial statements are an integral part of this statement

STATE OF NEW HAMPSHIRE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities:				
General Government	$445,931	$309,072	$31,294	
Administration of Justice & Public Protection	469,263	401,255	97,354	$26
Resource Protection and Development	156,899	89,441	42,130	
Transportation	500,899	16,257	11,403	169,617
Health and Social Services	2,717,099	144,354	1,767,447	
Education	1,358,215	2,170	187,901	
Interest Expense	54,748			
Total Governmental Activities	5,703,054	962,549	2,137,529	169,643
Business-type Activities:				
Turnpike System	88,091	135,588		87
Liquor Commission	531,064	688,374		
Lottery Commission	229,488	308,570		
SRF Fund	9,288	7,710	26,374	
Unemployment Compensation	79,569	83,352		
Total Business-type Activities	937,500	1,223,594	26,374	87
Total Primary Government	6,640,554	2,186,143	2,163,903	169,730
COMPONENT UNITS				
University System of New Hampshire	830,312	569,373	166,212	1,287
Non-Major Component Units	159,185	101,744	8,443	1,506
Total Component Units	$989,497	$671,117	$174,655	$2,793

General Revenues:	
General Property Taxes	
Business Income Taxes	
Meals and Rental Taxes	
Special Taxes	
Personal Taxes	
Business License Taxes	
Interest & Investment Income	
Miscellaneous	
Special Item - Environmental Litigation Settlements	
Payments from State of New Hampshire	
Transfers - Internal Activities	
Total General Revenues and Transfers	
Changes in Net Position	
Net Position - July 1	
Net Position - June 30	

The notes to the basic financial statements are an integral part of this statement

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
$(105,565)		$(105,565)	
29,372		29,372	
(25,328)		(25,328)	
(303,622)		(303,622)	
(805,298)		(805,298)	
(1,168,144)		(1,168,144)	
(54,748)		(54,748)	
(2,433,333)		(2,433,333)	
	$47,584	47,584	
	157,310	157,310	
	79,082	79,082	
	24,796	24,796	
	3,783	3,783	
	312,555	312,555	
(2,433,333)	312,555	(2,120,778)	
			$(93,440)
			(47,492)
			$(140,932)
407,276		407,276	
693,691		693,691	
302,473		302,473	
521,574		521,574	
226,803		226,803	
182,582		182,582	
17,015		17,015	2,102
43,884		43,884	
276,457		276,457	
			132,617
235,038	(235,038)		
2,906,793	(235,038)	2,671,755	134,719
473,460	77,517	550,977	(6,213)
549,281	1,440,107	1,989,388	1,518,220
$1,022,741	$1,517,624	$2,540,365	$1,512,007

The notes to the basic financial statements are an integral part of this statement

Fund Financial Statements
Governmental Funds

General Fund: *The General Fund is the State's primary operating fund and accounts for all financial transactions not accounted for in any other fund.*

Highway Fund: *Under the State Constitution, all revenues in excess of the necessary cost of collection and administration accruing to the State from motor vehicle registration fees, operators' licenses, gasoline road toll, or any other special charges or taxes with respect to the operation of motor vehicles or the sale or consumption of motor vehicle fuels are appropriated and used exclusively for the construction, reconstruction, and maintenance of public highways within this state, including the supervision of traffic thereon and for the payment of the interest and principal of bonds issued for highway purposes. All such revenues, together with federal grants-in-aid and American Recovery and Reinvestment Act funds received by the State for highway purposes, are credited to the Highway Fund. While the principal and interest on state highway bonds are charged to the Highway Fund, the assets of this fund are not pledged to such bonds.*

Education Trust Fund: *The Education Trust Fund was established to distribute adequate education grants to school districts. Funding for the grants comes from a variety of sources, including the statewide property and utility taxes, incremental portions of existing business and tobacco taxes, lottery funds, and tobacco settlement funds.*

STATE OF NEW HAMPSHIRE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016
(Expressed in Thousands)

	General	Highway	Education	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$770,730	$111,431		$12,989	$895,150
Investments	25,607			21,298	46,905
Receivables (Net of Allowances for Uncollectibles)	486,316	65,198	$75,901	12,791	640,206
Due from Other Funds	23,168	227	222	4,468	28,085
Inventories	4,680	17,746		747	23,173
Loan Receivables	16,036				16,036
Total Assets	1,326,537	194,602	76,123	52,293	1,649,555
LIABILITIES					
Accounts Payable	338,631	52,057	2,346	24,848	417,882
Accrued Payroll	32,646	7,889		774	41,309
Due to Other Funds		515	11,920		12,435
Unearned Revenue	81,520	3,005			84,525
Unclaimed Property	16,179				16,179
Other Liabilities	11,219				11,219
Total Liabilities	480,195	63,466	14,266	25,622	583,549
DEFERRED INFLOWS OF RESOURCES	114,131	1,345	57,300		172,776
FUND BALANCES					
Nonspendable:					
Inventories	4,680	17,746		747	23,173
Permanent Fund Principal				10,583	10,583
Restricted	486,626	112,045		12,227	610,898
Committed	34,411			2,028	36,439
Assigned	24,962		4,557	1,086	30,605
Unassigned:					
Revenue Stabilization	93,043				93,043
Other	88,489				88,489
Total Fund Balances	732,211	129,791	4,557	26,671	893,230
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$1,326,537	$194,602	$76,123	$52,293	$1,649,555

The notes to the basic financial statements are an integral part of this statement

STATE OF NEW HAMPSHIRE
RECONCILIATION OF THE BALANCE SHEET-
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2016
(Expressed in Thousands)

Total Fund Balances for Governmental Funds		$893,230
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		2,942,881
Revenues that will be collected after year-end and are not available to pay for the current period's expenditures are reported as deferred inflows of resources in the funds.		172,776
Internal service funds are used by management to charge the costs of certain activities, such as risk management and health-related fringe benefits, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.		26,262
Net deferred outflows of resources related to deferred losses on refunding of bonds payable are not reported in the funds.		14,383
Certain liabilities are not payable by current available resources and therefore are not reported in the funds:		
Compensated Absences, Workers' Compensation	(113,925)	
Net Pension Liabilities, Net of Deferred Amounts	(754,755)	
Other Postemployment Benefits	(1,069,023)	
Pollution Remediation Obligation	(49,100)	
Capital Lease Obligations	(1,945)	
Bonds and Notes Payable	(1,025,040)	
Advance Construction Commitments to Municipalities	(587)	
Interest Payable and Other Liabilities	(12,416)	(3,026,791)
Net Position of Governmental Activities		$1,022,741

The notes to the basic financial statements are an integral part of this statement

STATE OF NEW HAMPSHIRE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Expressed in Thousands)

	General	Highway	Education	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
General Property Taxes	$283		$406,394		$406,677
Special Taxes	1,211,621		308,601		1,520,222
Personal Taxes	132,345		94,658		227,003
Business License Taxes	22,580	$182,582			205,162
Non-Business License Taxes	123,726	83,544		$10,325	217,595
Fees	161,386	24,171		2,408	187,965
Fines, Penalties and Interest	7,875	7,227	1	143	15,246
Grants from Federal Government	1,948,675	161,148		47,570	2,157,393
Grants from Private and Local Sources	163,872	2,940		220	167,032
Rents and Leases		149			149
Interest, Premiums and Discounts	17,949			441	18,390
Sale of Commodities	13,226	7,716		79	21,021
Sale of Service	24,529	4,787			29,316
Assessments	62,847				62,847
Grants from Other Agencies	60,709	7,580		3,924	72,213
Miscellaneous	208,194	2,552	40,000	3,624	254,370
Total Revenues	4,159,817	484,396	849,654	68,734	5,562,601
EXPENDITURES					
Current:					
General Government	340,644				340,644
Administration of Justice and Public Protection	444,766	58,776		158	503,700
Resource Protection and Development	118,600	1,628		27,022	147,250
Transportation	9,428	297,949			307,377
Health and Social Services	2,720,293			708	2,721,001
Education	400,743		956,636		1,357,379
Debt Service	116,929	31,830		393	149,152
Capital Outlay	17,064	115,679		103,411	236,154
Total Expenditures	4,168,467	505,862	956,636	131,692	5,762,657
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,650)	(21,466)	(106,982)	(62,958)	(200,056)
OTHER FINANCING SOURCES (USES)					
Transfers In	776		28,052	2,166	30,994
Transfers in from Enterprise Funds	155,853		79,185		235,038
Transfers Out	(28,739)	(2,255)			(30,994)
Capital Lease Acquisition	778				778
Installments on Sale of Assets		414			414
Note Issuance		9,685			9,685
Total Other Financing Sources	128,668	7,844	107,237	2,166	245,915
SPECIAL ITEM - ENVIRONMENTAL LITIGATION SETTLEMENTS	276,457				276,457
Net Change in Fund Balances	396,475	(13,622)	255	(60,792)	322,316
Fund Balances - July 1	336,201	142,741	4,302	87,433	570,677
Change in Inventory	(465)	672		30	237
Fund Balances - June 30	$732,211	$129,791	$4,557	$26,671	$893,230

The notes to the basic financial statements are an integral part of this statement

STATE OF NEW HAMPSHIRE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Expressed in Thousands)

Net Change in Fund Balances for Total Governmental Funds, including Change in Inventory		$322,553
Amounts reported for governmental activities in the Statement of Activities are different because:		
Revenue recognized on the Statement of Activities that do not provide current financial resources on the fund statements resulted in a net decrease from prior year		1,643
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Land & Land Improvements	21,575	
Buildings & Building Improvements	18,489	
Equipment & Computer Software	32,172	
Construction in Progress	(3,461)	
Infrastructure	153,375	
Accumulated Depreciation, Net of Disposals	(85,214)	136,936
Internal service funds are used by management to charge the costs of certain activities, such as risk management and health-related fringe benefits, to individual funds. The net revenue of the internal service fund is reported with governmental activities.		20
Proceeds of bonds and notes provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which repayments exceeded proceeds.		
Note Proceeds Received	(9,685)	
Repayment of Bond/Note Principal & Interest	101,893	
Accretion of Bonds Payable	(199)	
Accrued Interest & Amortization	10,716	102,725
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These amounts represent changes in:		
Compensated Absences, Workers' Compensation	(3,958)	
Other Postemployment Benefits	(107,206)	
Net Pension Liability, Net of Deferred Amounts	16,890	
Pollution Remediation Obligation	798	
Capital Lease Obligation	(348)	
Advance Construction Commitments to Municipalities	761	
Litigation and Other Obligation	2,646	(90,417)
Change in Net Position of Governmental Activities		$473,460

The notes to the basic financial statements are an integral part of this statement

Proprietary Fund Financial Statements

Enterprise Funds:

Turnpike System: *The Turnpike System presently consists of 89 miles of limited access highway, 36 miles of which are part of the U.S. Interstate Highway System. The Turnpike System comprises a total of approximately 658 total lane miles, 170 bridges, 49 interchanges, 84 toll lanes, and 25 facilities. Since beginning operations in 1950, the Turnpike System has contributed to the development of the New Hampshire economy. It has also been a major factor in the growth of the tourist industry in the State. The Turnpike System consists of three limited access highways: the Blue Star Turnpike (I-95) and the Spaulding Turnpike, (which are collectively referred to as the Eastern Turnpike), and the Central Turnpike. The Turnpike System primarily serves the major cities located in the central and eastern sections of southern New Hampshire.*

Liquor Commission: *By statute, all liquor and beer sold in the State must be sold through a sales and distribution system operated by the State Liquor Commission, under the executive direction of the Liquor Commissioner appointed by the Governor with the consent of the Executive Council. The Commission makes all liquor purchases directly from the manufacturers and importers and operates State liquor stores in cities and towns that accept the provisions of the local option law. The Commission is authorized to sell liquor through retail outlets as well as directly to restaurants, hotels, and other organizations. The Commission also charges permit and license fees for the sale of beverages through private distributors and retailers and an additional fee of 30 cents per gallon on beverages sold by such retailers. Any excess funds of the Commission are transferred to the General Fund on a daily basis.*

Lottery Commission: *The State sells lottery games online and through some 1,282 agents, including state liquor stores, licensed racetracks, and private retail outlets. Through the sale of lottery tickets, revenue is generated for prize payments and commission expenses, with the net income used for aid to education. Additionally, the Racing and Charitable Gaming Commission activities are included in this fund. This net income is transferred to the Education Fund and then transferred to the local school districts.*

State Revolving Fund: *These funds consist of New Hampshire Clean Water and Drinking Water Revolving Funds. Programs operated within these funds provide loans to public water systems and local governments for constructing wastewater treatment facilities and safe drinking water systems. In addition, the programs provide supervision and technical assistance to these grantees. Funding is from U.S. Environmental Protection Agency grants and a General Fund match. The funds are repaid with interest, then re-loaned.*

New Hampshire Unemployment Compensation Trust Fund: *This fund receives contributions from employers and provides benefits to eligible unemployed workers, consistent with legislation and regulations which govern federal credit programs.*

Internal Service Fund: *The employee benefit risk management fund reports the health-related fringe benefit services for the State. The fund was created to account for the State's self-insurance program and to pool all resources to pay for the cost associated with providing these benefits to active employees and retirees.*

STATE OF NEW HAMPSHIRE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016
(Expressed in Thousands)

	Business-Type Activities - Enterprise Funds						Governmental Activities
ASSETS	**Turnpike System**	**Liquor Commission**	**Lottery Commission**	**State Revolving Fund**	**Unemployment Compensation**	**Total**	**Internal Service Fund**
Current Assets:							
Cash and Cash Equivalents	$71,987		$2,603			$74,590	$39,960
Cash and Cash Equivalents-Restricted	55,380		48	$259,220	$294,347	608,995	
Investments - Restricted	27,079					27,079	
Receivables (Net of Allowances for Uncollectibles)	7,194	$6,499	2,353			16,046	9,449
Other Receivables-Restricted				23,846	18,132	41,978	
Due from Other Funds	609		511			1,120	
Inventories	1,580	66,940	1,093			69,613	
Other Current Assets	35		49			84	
Other Current Assets-Restricted				3,973		3,973	
Total Current Assets	163,864	73,439	6,657	287,039	312,479	843,478	49,409
Noncurrent Assets:							
Other Receivables-Restricted				369,228		369,228	
Capital Assets:							
Land & Land Improvements	103,407	2,691				106,098	
Buildings & Building Improvements	14,459	34,597				49,056	
Equipment & Computer Software	50,227	8,454	652			59,333	
Construction in Progress	141,697	1,143				142,840	
Infrastructure	962,900					962,900	
Less: Allowance for Depreciation & Amortization	(370,560)	(17,746)	(441)			(388,747)	
Net Capital Assets	902,130	29,139	211			931,480	
Other Assets - Restricted			4,048			4,048	
Total Noncurrent Assets	902,130	29,139	4,259	369,228		1,304,756	
Total Assets	1,065,994	102,578	10,916	656,267	312,479	2,148,234	49,409
DEFERRED OUTFLOWS OF RESOURCES	2,938	2,255	404	530		6,127	
LIABILITIES							
Current Liabilities:							
Accounts Payable	8,057	55,096	2,102	1,234		66,489	1,882
Accrued Payroll	920	2,016	278	295		3,509	
Due to Other Funds	242	11,718	222	1,485	3,103	16,770	
Unearned Revenue	11,771	2,293	1,217			15,281	72
Unclaimed Prizes			2,559			2,559	
General Obligation Bonds Payable		1,056		2,275		3,331	
Revenue Bonds Payable-Current	27,855					27,855	
Accrued Interest Payable	5,677	118				5,795	
Claims & Compensated Absences Payable	293	905	125	170		1,493	21,193
Other Liabilities	321	44	48	19	14,510	14,942	
Total Current Liabilities	55,136	73,246	6,551	5,478	17,613	158,024	23,147
Noncurrent Liabilities:							
General Obligation Bonds Payable		13,724		9,860		23,584	
Revenue Bonds Payable	404,127					404,127	
Note Payable to Highway Fund							
Claims & Compensated Absences Payable	1,943	3,897	496	681		7,017	
Net Pension Liabilities	10,100	20,141	3,675	4,805		38,721	
Other Noncurrent Liabilities	2,568	309				2,877	
Total Noncurrent Liabilities	418,738	38,071	4,171	15,346		476,326	
Total Liabilities	473,874	111,317	10,722	20,824	17,613	634,350	23,147
DEFERRED INFLOWS OF RESOURCES	607	1,245	228	307		2,387	
NET POSITION							
Net Investment in Capital Assets	491,107	11,402	211			502,720	
Restricted for Debt Repayments	60,308					60,308	
Restricted for Uninsured Risks	3,003					3,003	
Restricted for Prize Awards - MUSL & Tri-State			4,049			4,049	
Restricted for Environmental Loans				625,137		625,137	
Restricted for SRF Programs				10,529		10,529	
Restricted for Unemployment Benefits					294,866	294,866	
Unrestricted Net Position (Deficit)	40,033	(19,131)	(3,890)			17,012	26,262
Total Net Position	$594,451	$(7,729)	$370	$635,666	$294,866	$1,517,624	$26,262

The notes to the basic financial statements are an integral part of this statement

STATE OF NEW HAMPSHIRE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Expressed in Thousands)

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Turnpike System	Liquor Commission	Lottery Commission	State Revolving Fund	Unemployment Compensation	Total	Internal Service Fund
OPERATING REVENUES							
Charges for Sales and Services		$665,701	$308,528	$7,324	$76,830	$1,058,383	$276,133
Toll Revenue Pledged for Repaying Revenue Bonds	$130,714					130,714	
Total Operating Revenue	130,714	665,701	308,528	7,324	76,830	1,189,097	276,133
OPERATING EXPENSES							
Cost of Sales and Services		470,704				470,704	
Lottery Prize Awards			219,283			219,283	
Unemployment Insurance Benefits					79,569	79,569	
Principal Forgiveness				3,955		3,955	
Insurance Claims							262,846
Administration	50,546	57,924	10,133	7,928		126,531	13,267
Depreciation	22,143	1,789	72			24,004	
Total Operating Expenses	72,689	530,417	229,488	11,883	79,569	924,046	276,113
Operating Income (Loss)	58,025	135,284	79,040	(4,559)	(2,739)	265,051	20
NONOPERATING REVENUES (EXPENSES)							
Licenses		4,528				4,528	
Beer Taxes		12,850				12,850	
Investment Income	998		42	386	6,522	7,948	
Miscellaneous	3,876	5,295		2,881		12,052	
Federal Grant Revenue				26,374		26,374	
Interest on Bonds	(15,402)	(647)		(286)		(16,335)	
Total Nonoperating Revenues (Expenses)	(10,528)	22,026	42	29,355	6,522	47,417	
Income Before Capital Grant Contributions	47,497	157,310	79,082	24,796	3,783	312,468	20
Capital Contributions and Grants	87					87	
Income Before Transfers	47,584	157,310	79,082	24,796	3,783	312,555	20
Transfers To Governmental Funds		(155,853)	(79,185)			(235,038)	
Change in Net Position	47,584	1,457	(103)	24,796	3,783	77,517	20
Net Position (Deficit)- July 1	546,867	(9,186)	473	610,870	291,083	1,440,107	26,242
Net Position (Deficit) - June 30	$594,451	$(7,729)	$370	$635,666	$294,866	$1,517,624	$26,262

The notes to the basic financial statements are an integral part of this statement

STATE OF NEW HAMPSHIRE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Expressed in Thousands)

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Turnpike System	Liquor Commission	Lottery Commission	State Revolving Fund	Unemployment Compensation	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from Federal and Local Agencies				$5,288	$966	$6,254	
Receipts from Customers	$131,971	$666,985	$163,747		82,978	1,045,681	$50,291
Receipts from Interfund Charges							222,458
Payments to Employees	(14,754)	(31,657)	(4,878)			(51,289)	
Payments to Suppliers	(37,912)	(495,719)	(11,712)	(7,106)		(552,449)	(13,761)
Payments to Prize Winners			(66,418)			(66,418)	
Payments for Insurance Claims					(83,333)	(83,333)	(264,054)
Payments for Interfund Services		(8,924)		433		(8,491)	
Net Cash Provided by (Used for) Operating Activities	79,305	130,685	80,739	(1,385)	611	289,955	(5,066)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers to Other Funds		(154,581)	(79,067)			(233,648)	
Receipts from Federal Agencies				26,374		26,374	
Other Contributions				2,881		2,881	
Temporary Loan from Other Funds		7,475				7,475	
Interest Paid on Bonds				(286)		(286)	
Principal Paid on Bonds				(2,275)		(2,275)	
Transfer: Alcohol Abuse Prevention/Treatment Fund		(3,152)				(3,152)	
Proceeds from Collection of Licenses and Beer Tax		17,379				17,379	
Other Income		1,395				1,395	
Net Cash Provided by (Used for) Noncapital and Related Financing Activities		(131,484)	(79,067)	26,694		(183,857)	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition, Disposal, Sale and Construction of Capital Assets	(43,673)	1,763	(73)			(41,983)	
Capital Grant Reimbursement							
Interest Paid on Bonds	(21,679)	(657)				(22,336)	
Principal Paid on Bonds	(19,455)	(1,056)				(20,511)	
Principal Paid on Notes	(414)					(414)	
Payments for Underwriter Discount/Premium	(85)					(85)	
Receipts from Federal Agencies	2,826					2,826	
Contributions from Other Funds							
Net Cash Provided by (Used for) Capital and Related Financing Activities	(82,480)	50	(73)			(82,503)	
CASH FLOWS FROM INVESTING ACTIVITIES							
Investment Proceeds	42,811					42,811	
Receipts from Borrowers				34,306		34,306	
Payments to Borrowers				(58,648)		(58,648)	
Interest and Other Income	906		41	386	6,522	7,855	
Net Cash Provided by (Used for) Investing Activities	43,717		41	(23,956)	6,522	26,324	
Net Increase in Cash & Cash Equivalents	40,542	(749)	1,640	1,353	7,133	49,919	(5,066)
Cash and Cash Equivalents - July 1	86,825	749	1,011	257,867	287,214	633,666	45,026
Cash and Cash Equivalents - June 30	$127,367	$-	$2,651	$259,220	$294,347	$683,585	$39,960

The notes to the basic financial statements are an integral part of this statement

STATE OF NEW HAMPSHIRE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Expressed in Thousands)

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Turnpike System	Liquor Commission	Lottery Commission	State Revolving Fund	Unemployment Compensation	Total	Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Operating Income (Loss)	$58,025	$135,284	$79,040	$(4,559)	$(2,739)	$265,051	$20
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Depreciation	22,143	1,789	72			24,004	
Capitalized Loan Interest				(225)		(225)	
Principal Forgiveness				3,955		3,955	
Interest Income on Loans				(2,409)		(2,409)	
Miscellaneous Income/(Expense)	1,015					1,015	
Change in Operating Assets and Liabilities:							
Change in Receivables/Loans	(1,657)	1,170	(1,034)	605	7,114	6,198	(3,456)
Change in Inventories	239	(4,038)	(559)			(4,358)	
Change in Other Current Assets			4			4	
Change in Restricted Deposits-MUSL			152			152	
Change in Accounts Payable and Other Accruals	(1,478)	(2,986)	1,148	1,328	(3,764)	(5,752)	266
Change in Claims Payable			1,811			1,811	(1,968)
Change in Unearned Revenue	1,315	(3)	202			1,514	72
Change in Net Pension Liability, Net of Deferred Amounts	(297)	(531)	(97)	(80)		(1,005)	
Net Cash Provided by (Used In) Operating Activities	$79,305	$130,685	$80,739	$(1,385)	$611	$289,955	$(5,066)
Turnpike Non-Cash Capital and Related Financing Activities:							
Capital Contributions	$87						
Federal Operating Contributions	$10						
Liquor Non-Cash Capital and Related Financing Activities:							
During fiscal year 2016, the State's Capital Projects Fund paid for Capital Assets		$2,983					
SRF Non-Cash Investing Activities:							
Principal Forgiveness				$3,955			

The notes to the basic financial statements are an integral part of this statement

Fiduciary Funds Financial Statements

Pension Trust Funds:

New Hampshire Retirement System - *The New Hampshire Retirement System (NHRS) is the administrator of a cost-sharing multiple employer contributory pension plan and trust established on July 1, 1967 and is intended to meet the requirements of a qualified tax-exempt organization within the meaning of section 401(a) and section 501(a) of the United States Internal Revenue Code. Participating employers include the employees of the State government of New Hampshire, certain cities and towns, all counties, and various school districts. NHRS is a component unit of the State.*

New Hampshire Judicial Retirement Plan *The New Hampshire Judicial Retirement Plan (NHJRP) was established on January 1, 2005 and is a contributory pension plan and trust intended to meet the requirements of a qualified pension trust within the meaning of section 401(a) and to qualify as a governmental plan within the meaning of section 414(d) of the United States Internal Revenue Code. The Plan is a component unit of the State.*

Private-Purpose Trust Funds: *Private-Purpose Trust Funds report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments.*

Investment Trust Fund: *The investment trust fund represents the external portion of the New Hampshire Public Deposit Investment Pool (NHPDIP). The NHPDIP has been established, in accordance with RSA 383:22-24, for the purpose of investing funds of the State of New Hampshire, funds under the custody of all governmental units, pooled risk management programs established pursuant to RSA 5-B, agencies, authorities, commissions, boards, political subdivisions, and all other public units within, or instrumentalities of the State of New Hampshire. In accordance with GAAP, the external portion of the NHPDIP is reported as an investment trust fund in the Fiduciary Funds using the economic resources measurement focus and accrual basis of accounting. The internal portion of the pool is reported in the General Fund. NHPDIP's investment detail and audited financial statements can be obtained by visiting www.nhpdip.com or contacting the Client Services Team at 1-844-4NH-PDIP.*

Agency Funds: *Assets received by the State as an agent for other governmental units, other organizations, or individuals are accounted for as agency funds. The Unified Court System Litigation accounts which are held pending judicial judgments and Child Support Funds are two of the larger agency funds of the State.*

STATE OF NEW HAMPSHIRE
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016
(Expressed in Thousands)

	Pension Trust Funds	Private-Purpose Trust Funds	Investment Trust Fund	Agency Funds
ASSETS				
Cash and Cash Equivalents	$7,795	$3,500	$8,495	$13,430
Receivables:				
Due from Employers	46,881			
Due from Group I Teacher OPEB Plan	4,483			
Due from Plan Members	22,429			
Due from Brokers for Securities Sold	29,961			
Interest and Dividends	18,003		212	
Other	1,715			
Total Receivables	123,472		212	
Investments:				
Cash & Cash Equivalents	140,787			
Certificates of Deposit			74,608	
Repurchase Agreements			13,063	
U.S. Government Obligations			6,037	
Equity Investments	3,718,853			
Fixed Income Investments	1,772,643			
Commercial Real Estate	787,937			
Commercial Paper			20,030	
Alternative Investments	997,782			
Other Investments		3,212	1,840	272
Total Investments	7,418,002	3,212	115,578	272
Other Assets	189			
Total Assets	7,549,458	6,712	124,285	13,702
LIABILITIES				
Management Fees and Other Payables	8,472		386	
Due to Group II Police & Fire OPEB Plan	1,478			
Due to Group I Political Subdivision OPEB Plan	2,802			
Due to Group I State Employee OPEB Plan	203			
Due to Brokers for Securities Purchased	28,652			
Custodial Funds Payable				13,702
Total Liabilities	41,607		386	13,702
NET POSITION				
Net Position Restricted for Pension and Other Post Employment Benefits (OPEB)	7,507,851			
Net Position Held in Trust for Benefits & Other Purposes		6,712	123,899	
RECONCILIATION OF NET POSITION HELD IN TRUST:				
Employees' Pension Benefits	7,481,224			
Employees' Postemployment Healthcare Benefits	26,627			
Net Position for Pool Participants in External Investment Pool			123,899	
Other Purposes		6,712		
Net Position Restricted for Pension and Other Post Employment Benefits (OPEB)	7,507,851			
Net Position Held in Trust for Benefits & Other Purposes		$6,712	$123,899	

The notes to the basic financial statements are an integral part of this statement

STATE OF NEW HAMPSHIRE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Expressed in Thousands)

	Pension Trust Funds	Private-Purpose Trust Funds	Investment Trust Fund
ADDITIONS			
Contributions:			
Employer	$421,126		
Plan Members	208,613		
From Participants		$31,225	$162,605
Total Contributions	629,739	31,225	162,605
Investment Income:			
From Investing Activities:			
Net Appreciation in Fair Value of Investments	(74,479)		
Interest Income	55,225	106	615
Dividends	74,165		
Alternative Investment Income	22,576		
Other	8,361	235	13
Gross Income from Investing Activities	85,848	341	628
Less Investment Activity Expenses:			
Investment Management Fees	22,067		235
Custodial Fees	660		
Investment Advisor Fees	735		
Investment Administrative Expense	610		
Total Investment Activity Expenses	24,072		235
Total Net Income from Investing Activities	61,776	341	393
Interest Income	778		
Total Additions	692,293	31,566	162,998
DEDUCTIONS			
Benefits/Distributions to Participants	727,859	31,126	
Refunds of Contributions	24,233		
Administrative Expense	7,286		
Professional Fees	952		
Interest Expense	778		
Other	314	2,920	160,914
Total Deductions	761,422	34,046	160,914
Change in Net Position	(69,129)	(2,480)	2,084
NET POSITION HELD IN TRUST FOR BENEFITS & OTHER PURPOSES			
Net Position - July 1	7,576,980	9,192	121,815
Net Position - June 30	$7,507,851	$6,712	$123,899

The notes to the basic financial statements are an integral part of this statement

Component Units Financial Statements

STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2016
(Expressed in Thousands)

	University System of New Hampshire	Non-Major Component Units	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$69,154	$20,638	$89,792
Cash and Cash Equivalents - Restricted		19,908	19,908
Operating Investments	158,413	14,199	172,612
Accounts Receivable	20,288	2,364	22,652
Other Receivables	3,471	2,553	6,024
Notes Receivable - Current Portion	3,507	9,845	13,352
Prepaid Expenses & Other	8,758	2,612	11,370
Total Current Assets	263,591	72,119	335,710
Noncurrent Assets:			
Investments	655,309	16,334	671,643
Notes & Other Receivables	27,315	29,188	56,503
Other Assets	56,583	4,507	61,090
Capital Assets:			
Land & Land Improvements	15,780	15,172	30,952
Building & Building Improvements	1,593,091	322,323	1,915,414
Equipment	123,087	31,768	154,855
Construction in Progress	118,357	3,077	121,434
Less: Accumulated Depreciation	(773,264)	(181,987)	(955,251)
Net Capital Assets	1,077,051	190,353	1,267,404
Total Noncurrent Assets	1,816,258	240,382	2,056,640
Total Assets	2,079,849	312,501	2,392,350
DEFERRED OUTFLOWS OF RESOURCES	42,673	7,768	50,441
LIABILITIES			
Current Liabilities:			
Accounts Payable	69,425	3,643	73,068
Accrued Salaries and Wages		6,320	6,320
Accrued Employee Benefits - Current	14,826	21	14,847
Other Payables & Accrued Expenses		6,998	6,998
Other Liabilities	6,745	295	7,040
Deposits and Unearned Revenues	32,686	2,346	35,032
Long Term Debt - Current Portion	17,666	2,958	20,624
Total Current Liabilities	141,348	22,581	163,929
Noncurrent Liabilities:			
Revenue Bonds Payable	501,333		501,333
Accrued Employee Benefits	34,049		34,049
Postemployment Medical Benefits	48,934		48,934
Derivative Instruments - Interest Rate Swaps	36,769		36,769
Net Pension Liability		64,590	64,590
Other Long Term Debt	18,889	54,937	73,826
Total Noncurrent Liabilities	639,974	119,527	759,501
Total Liabilities	781,322	142,108	923,430
DEFERRED INFLOWS OF RESOURCES		7,354	7,354
NET POSITION			
Net investment in Capital Assets	630,442	170,333	800,775
Restricted:			
Nonexpendable	256,513		256,513
Expendable	148,681	60,522	209,203
Unrestricted Net Position (Deficit)	305,564	(60,048)	245,516
Total Net Position	$1,341,200	$170,807	$1,512,007

The notes to the basic financial statements are an integral part of this statement

STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Expressed in Thousands)

	University System of New Hampshire	Non-Major Component Units	Total
Expenses	$830,312	$159,185	$989,497
Program Revenues:			
Charges for Services:			
Tuition & Fees	491,133	67,003	558,136
Student Financial Aid	(162,503)	(1,097)	(163,600)
Sales, Services, & Other Revenue	240,743	35,838	276,581
Operating Grants & Contributions	166,212	8,443	174,655
Capital Grants & Contributions	1,287	1,506	2,793
Total Program Revenues	736,872	111,693	848,565
Net Expenses	(93,440)	(47,492)	(140,932)
Interest & Investment Income	1,894	208	2,102
Payments from State of New Hampshire	82,389	50,228	132,617
Change in Net Position	(9,157)	2,944	(6,213)
Net Position - July 1	1,350,357	167,863	1,518,220
Net Position - June 30	$1,341,200	$170,807	$1,512,007

The notes to the basic financial statements are an integral part of this statement

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NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the State of New Hampshire (the State) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and as prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard-setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY

For financial reporting purposes, the State's reporting entity includes all funds, organizations, agencies, boards, commissions, authorities and all component units for which the state is financially accountable. There are no other organizations for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading. The criteria to be considered in determining financial accountability include whether the State, as the primary government, has appointed a voting majority of an organization's governing body and (1) has the ability to impose its will on that organization or (2) there is potential for the organization to provide specific financial benefits to or impose specific financial burdens on the State. Financial accountability also exists if an organization is determined to be fiscally dependent on the primary government and the primary government is in a relationship of financial benefit/burden with the organization.

Component units are either blended into the primary government or discretely presented from the primary government. Potential component units that do not meet the financial accountability criteria, but where a voting majority of the governing board is appointed by the State, are deemed to be related organizations. The nature and relationship of the State's component units and related organizations are disclosed in the following section.

Discrete Component Units:
Discrete component units are entities, which are legally separate from the State, but for which the State is financially accountable for financial reporting purposes, or whose relationship with the State is such that exclusion would cause the State's financial statements to be misleading. Complete audited financial statements of the individual component units can be obtained from the respective entities.

The component unit columns of the government-wide financial statements include the financial data of the following entities:

Major Component Unit
University System of New Hampshire - The University System of New Hampshire (USNH) is a body corporate and politic with a governing board of twenty-seven members. A voting majority is held by the State through the eleven members appointed by the Governor and Executive Council and three state officials serving as required by law. These State officials are the Governor, the Commissioner of the Department of Education, and the Commissioner of the Department of Agriculture. The remaining board members represent the university and colleges of the system, the alumni, and the student body. The USNH funds its operations through tuition and fees, government grants and contracts, auxiliary operations, and State appropriations which impose a specific financial burden on the State. USNH financials can be obtained by contacting USNH at 5 Chenell Drive Suite 301, Concord, NH 03301.

Non-major Component Units
Business Finance Authority of the State of New Hampshire - The Business Finance Authority (BFA) is a body corporate and politic with a governing board of fourteen members. The board consists of nine members appointed by the Governor with the consent of the Executive Council. The remaining members include two State Representatives, two Senators, and the State Treasurer. The State currently guarantees outstanding loans and principal on bonds of the BFA as of June 30, 2015, which creates the potential for the BFA to impose a financial burden on the State. BFA's financials can be obtained by contacting the BFA at 2 Pillsbury Street, Suite 201, Concord, NH 03301.

Community Development Finance Authority - The Community Development Finance Authority (CDFA) is a body corporate and politic organized as a nonprofit corporation under Revised Statutes Annotated (RSA) 292. The governing board of eleven members is made up of the Commissioner of the Department of Resources and Economic Development or designee and ten public members appointed by the Governor and Executive Council as follows: four representatives of community development corporations or other nonprofit organizations engaged in community development activities, one representative of organized labor, two representatives of small business and the financial community, one representative of employment training programs, and two representatives of private financial institutions. Additionally, CDFA imposes a financial burden on the State as investment tax credit equal to 75 percent of the contribution made to the CDFA during the contributor's tax year is allowed against certain taxes imposed by the state. In accordance with RSA 162-L:10, the total credits allowed shall not exceed $5.0 million in any state fiscal year. CDFA's financials can be obtained by contacting the CDFA at 14 Dixon Avenue, Suite 102, Concord, NH 03301.

Pease Development Authority - The Pease Development Authority (PDA) is a body corporate and politic with a governing body of seven members. Four members are appointed by the Governor and State legislative leadership, and three members are appointed by the City of Portsmouth and the Town of Newington. The State currently guarantees outstanding loans and principal on bonds of the PDA and has issued bonds on behalf of the PDA as of June 30, 2016, which creates the potential for the PDA to impose a financial burden on the State. In addition, the State has made several loans to the PDA. PDA's financials can be obtained by contacting PDA at 55 International Drive, Portsmouth, NH 03801.

The Community College System of New Hampshire (CCSNH) The CCSNH was established under Chapter 361, Laws of 2007 (effective date July 17, 2007), as a body politic and corporate, whose main purpose is to provide a well-coordinated system of public community college education. The CCSNH includes colleges in Berlin, Claremont, Concord, Laconia, Manchester, Nashua and Portsmouth. It is governed by a single board of

trustees with 23 voting members appointed by the Governor and Executive Council. The CCSNH funds its operations through tuition, room and board, fees, grants, legacies and gifts, and state appropriations which impose a specific financial burden on the State.

With the establishment of the CCSNH, certain net assets of the primary government attributable to the CCSNH, were transferred. Included in the transfer were only those capital assets and related bonds payable which were deemed self-funded by the CCSNH. During fiscal year 2012, all remaining capital assets attributable to CCSNH were transferred pursuant to Chapter 199 Laws of 2011 and as of June 30, 2015, the debt retained by the State for CCSNH assets was approximately $24.3 million. CCSNH's financials can be obtained by contacting CCSNH at 26 College Drive, Concord, NH 03301.

Fiduciary Component Units:
The State's fiduciary component units consist of the Pension Trust Funds, which include the following:

New Hampshire Retirement System - The New Hampshire Retirement System (NHRS) is a contributory pension plan and trust qualified as a tax exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. It is a defined benefit plan (the "Plan") providing disability, death, and retirement protection to its members, which include full-time employees of the State and substantially all school teachers, firefighters, and police officers within the State. Full-time employees of political subdivisions may participate if their governing body elects to participate.

NHRS is administered by a 13 member Board of Trustees on which the State does not represent a voting majority. The Board has all the powers of a corporation and is fiduciarily responsible for NHRS assets and directs the investment of those assets through an independent investment committee, reviews actuarial assumptions and valuations from which the employer contribution rates are certified by the board, and generally supervises the operations of NHRS.

NHRS is deemed to be fiscally dependent on the State because the employee member contribution rates are set through State statute, and the State has budget approval authority over some administrative costs of NHRS.

New Hampshire Judicial Retirement Plan – The New Hampshire Judicial Retirement Plan (NHJRP) is a contributory pension plan and trust qualified as a tax exempt organization under Sections 401(a) and 414(d) of the Internal Revenue Code. It is a defined benefit plan providing disability, death, and retirement protection for full-time supreme court, superior court, and circuit court judges employed within the State.

NHJRP is administered by a seven member Board of Trustees that is appointed by the State. The Board is fiduciarily responsible for NHJRP assets and oversees the investment of those assets, approving the actuarial valuation of NHJRP including assumptions, interpreting statutory provisions and generally supervises the operations of NHJRP.

NHJRP is deemed to be fiscally dependent on the State because of the State's contributions toward the NHJRP unfunded accrued liabilities and employee member contribution rates are set through State statute.

These component units are presented along with other fiduciary funds of the State and have been omitted from the State's government-wide financial statements.

Related Organizations:
The State is responsible for appointing voting members of the governing boards of the following legally separate organizations; however, the State is not financially accountable for these organizations. Although the Treasurer may serve as a Trustee and have certain involvement with the organizations, the organizations are not fiscally dependent upon the primary government and the organizations do not provide specific benefit to or impose burden on the primary government. Exclusion of these organizations from the State's financial statements would not render the financial statements to be misleading.

Related Organizations Excluded:
· Maine – New Hampshire Interstate Bridge Authority
· New Hampshire Health and Education Facilities Authority
· New Hampshire Housing Finance Authority
· New Hampshire Municipal Bond Bank
· Nuclear Decommissioning Trust

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements
The Statement of Net Position and Statement of Activities report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Primary government activities are distinguished between governmental and business-type activities. Governmental activities are normally supported through taxes and intergovernmental revenues. Business-type activities rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The *Statement of Net Position* presents the reporting entity's non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position from net investment in capital assets includes capital assets net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Net

position is restricted when constraints are externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as part of restricted net position. The remaining net position is considered unrestricted.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not meeting the definition of program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenue rather than program revenue. Certain indirect costs are included in program expenses reported for individual functions.

Fund Financial Statements
Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Measurement Focus and Basis of Accounting
The *government-wide financial statements* are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Derived tax revenues are recognized as revenues in the period the underlying transaction occurs. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the State generally considers revenues to be available if they are collected within 60 days after year end. Receivables not expected to be collected within 60 days are offset by deferred inflows of resources. An exception to this policy is federal grant revenue, which generally is considered to be available if collection is expected within 12 months after year end. Taxes, grants, licenses and fees associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period when available.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to debt service and other long-term obligations including compensated absences, other post-employment benefits, pollution remediation obligations and claims and judgments are recorded only when payment is due.

Proprietary Fund, Fiduciary Funds and Similar Component Units, and Discrete Component Unit financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above.

Financial Statement Presentation
A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to report financial position and the results of operations, to demonstrate legal compliance, and to aid financial management by segregating transactions related to certain government functions or activities.

The State reports the following major governmental funds:

General Fund: The General Fund is the State's primary operating fund and accounts for all financial transactions not accounted for in any other fund.

Highway Fund: The Highway Fund is used to account for the revenues and expenditures used in the construction and maintenance of the State's public highways and the supervision of traffic thereon.

Education Fund: In fiscal year 2000, the Education Trust Fund was created in accordance with Chapter 17:41, Laws of 1999. The fund is non-lapsing and is used to distribute adequate education grants to school districts.

The State reports the following major enterprise funds as part of the Proprietary Fund Financial Statements:

The *Liquor Commission* accounts for the operations of State-owned liquor stores and the sales of all beer and liquor sold in the State.

The *Lottery Commission* accounts for the operations of the State's Lottery Commission and the State's Racing & Charitable Gaming activities.

The *Turnpike System* accounts for the revenues and expenses used in the construction, maintenance and operations of three limited access highways: the Blue Star Turnpike (I-95), the Spaulding Turnpike and the Central Turnpike. The Turnpike System primarily serves the major cities located in the central and eastern sections of southern New Hampshire.

The *State Revolving Fund* makes loans to public water systems and local governments for wastewater treatment facilities and safe drinking water systems, funded by programs under the U.S. Environmental Protection Administration.

The *New Hampshire Unemployment Compensation Trust Fund* receives contributions from employers and provides benefits to eligible unemployed workers.

Additionally, the State reports the following non-major funds:

Governmental Fund Types
Fish and Game Fund – accounts for the operation of fish hatcheries, inland and marine fisheries and wildlife areas and functions related to law enforcement, land acquisition and wildlife management and research. Principal revenues include fees from fish and game licenses, the marine gas tax, penalties, recoveries, federal grants-in-aid related to fish and game management and other funding as approved by the Legislature.

Capital Projects Fund - used to account for certain capital improvement appropriations which are or will be primarily funded by the issuance of state bonds or notes, other than bonds and notes for highway or turnpike purposes, or by the application of certain federal matching grants.

Permanent Funds – report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the State or its citizenry.

Proprietary Fund Types
Internal Service Fund - provides services primarily to employees and retirees of the State, rather than to the general public. These services include health-related fringe benefits. In the government-wide financial statements, internal service funds are included with governmental activities.

Fiduciary Fund Types
Pension (and Other Employee Benefits) Trust Funds – report resources that are required to be held in trusts for the members and beneficiaries of the State's contributory defined benefit plans, and post employment benefit plan. The NHRS and NHJRP are component units of the State.

Investment Trust Fund - accounts for the transactions, assets, liabilities and fund equity of the external investment pool.

Private Purpose Trust Funds - report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments.

Agency Funds - report assets and liabilities for deposits and investments entrusted to the State as an agent for others.

Reporting Periods
The accompanying financial statements of the State are presented as of June 30, 2016, and for the year then ended, except for the New Hampshire Judicial Retirement Plan which is as of December 31, 2015.

D. CASH EQUIVALENTS

For the purposes of the Statement of Cash Flows, cash equivalents represent short-term investments with original maturities less than three months from the date acquired by the State and are valued at cost, which approximates fair value. Cash and cash equivalents primarily represent investments in Unemployment Compensation external pooled short-term investments managed by the State's custodian. The fund provides daily liquidity.

E. INVESTMENTS

Investments are reported at fair value except for investments of the investment trust fund, which are reported using the amortized cost method of valuation provided that amortized cost approximates the fair value of a security. The State discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy is as follows:

Level 1 – Inputs that reflect quoted prices (unadjusted) in active markets for identical assets and liabilities that the State has the ability to access at the measurement date. Most of the State's directly held marketable equity securities would be examples of Level 1 investments.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active. Because they most often are priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held fixed income securities are categorized in Level 2. All of the State's holdings in U.S. government obligations and corporate bonds would be examples of Level 2 investments.

Level 3 – Unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative financial instruments. The State had no level 3 investments as of June 30, 2016, however, some investments held by its Fiduciary Component Unit (NHRS) and Major Component Unit (USNH) are reported at net asset value (NAV).

In determining fair value, the State utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

F. RECEIVABLES

Receivables in the government-wide financial statements represent amounts due to the State at June 30, recorded as revenue, which will be collected sometime in the future and consist primarily of accrued taxes and federal grants receivable. In the governmental fund financial statements, taxes receivable are primarily taxpayer-assessed revenues where the underlying exchange has occurred in the period ending June 30 or prior, and for federal grants, which reimburse the State for expenditures incurred pursuant to federally funded programs. Tax and grant revenues are susceptible to accrual in accordance with measurable and available criteria under the modified accrual basis of accounting.

Other Receivables - Restricted are primarily loans receivable made to public water systems and local governments under the State Revolving Fund (SRF) for wastewater treatment facilities (CWSRF) and safe drinking water systems (DWSRF). Loans are funded by federal grants from programs by the U.S. Environmental Protection Agency, with federal grants and partially matching state funds. Loan funds are disbursed to borrowers on a cost reimbursement basis, and interest begins accruing when funds are disbursed. After construction is completed, the borrower can elect to add the construction period interest to the loan amount, or they can pay it in total with the first loan repayment. Loans are typically repaid over periods of five, ten, fifteen or twenty years, and repayment of the loans must begin within one year of construction completion. Repayments are credited to special accounts and then used to lend out more funds to communities and qualified private water organizations. In addition to interest, portions of loan repayment and federal grants are allowed to be allocated to administrative costs. There is no provision for uncollectible accounts, as all repayments are current, and management believes all loans will be repaid according to the loan terms. Loan amounts classified currently represent those loan amounts expected to be satisfied within the forthcoming fiscal year.

Under federal regulations, a portion of each federal grant award is required to be provided as additional subsidy to borrowers. This additional subsidy comes in the form of principal forgiveness and ranges from 12% for CWSRF federal loans to a range of between 20-30% for DWSRF federal loans. Borrowers must meet selected criteria to be eligible for the additional subsidy. Principal forgiveness eligibility and amount is calculated when the loan is finalized and goes into repayment status. For CWSRF loans, principal forgiveness is recognized with the first loan repayment. For DWSRF loans, principal forgiveness is recognized on a payment by payment basis. If a borrower defaults on a loan, the total amount unpaid is deemed owed.

G. INVENTORIES

Inventories for materials and supplies are determined by physical count. Both the Lottery and Liquor Commissions use the lower of cost or market to value their inventories. Lottery uses the first-in, first-out (FIFO) method and Liquor uses the average cost method. All other inventories in the governmental and proprietary funds are stated at average cost.

Governmental fund inventories are recorded under the purchase method. Reported inventory balances in the governmental funds are offset by a nonspendable fund balance designation that indicates they do not constitute available spendable resources.

H. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Such assets, whether purchased or constructed, are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value.

Equipment is capitalized when the cost of individual items exceed $10,000, and all other capital assets are capitalized when the cost of individual items or projects exceed $100,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the primary government and the component units are depreciated using the straight-line method over the following useful lives:

Equipment 5 years
Buildings 40 years
Building improvements 20 years
Infrastructure 50 years
Computer software 5 years

I. UNEARNED REVENUE

In the government-wide financial statements, governmental fund financial statements and the proprietary fund financial statements, unearned revenue is recognized when cash, receivables or other assets are recorded prior to their being earned.

J. ACCOUNTS PAYABLE

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of June 30, 2016.

K. COMPENSATED ABSENCES

All full-time State employees in classified service earn annual and sick leave. At the end of each fiscal year, additional leave (bonus days) may be awarded based on the amount of sick leave taken during the year. Accrued compensatory time, earned for overtime worked, should generally be taken within one year or in accordance with applicable collective bargaining agreements.

The State's compensated absences liability represents the total liability for the cumulative balance of employees' annual, bonus, compensatory, and sick leave based on years of service rendered along with the State's share of social security, Medicare and retirement contributions. The current portion of the leave liability is calculated based on the characteristics of the type of leave and on a last in first out (LIFO) basis, which

assumes employees use their most recent earned leave first. The accrued liability for annual leave does not exceed the maximum cumulative balance allowed which ranges from 32 to 50 days based on years of service. The accrual for sick leave is made to the extent it is probable that the benefits will result in termination payments rather than be taken as absences due to illness. The liability for compensated absences is recorded on the accrual basis in the government-wide and proprietary fund financial statements.

In the governmental fund financial statements, liabilities for compensated absences are accrued when they are due and payable.

L. NET PENSION LIABILITY

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the NHRS and the NHJRP, and additions to/deductions from their respective fiduciary net positions have been determined on the same basis as they are reported by NHRS and NHJRP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms, and investments are reported at fair value.

M. FUND BALANCES

Fund balances for all governmental funds are classified as nonspendable, restricted, or unrestricted (committed, assigned, or unassigned). Restricted represents those portions of the fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents the amount that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislature, such as an appropriation or legislation. Assigned fund balance is constrained by the Legislature's or other executive authority's intent to be used for specific purposes.

The State maintains a stabilization account referred to as the Revenue Stabilization Account (the "Rainy Day Fund") in the general fund reported as unassigned fund balance. See Note 15 for additional information about fund balances and the stabilization account.

N. BOND DISCOUNTS AND PREMIUMS

In the government-wide and proprietary fund financial statements, bond discounts/premiums are deferred and amortized over the term of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, bond discounts and premiums are recognized in the period the bond proceeds are received. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

O. REVENUES AND EXPENDITURES/EXPENSES

In the government-wide Statement of Activities, revenues and expenses are segregated by activity (governmental or business-type), then further by function (e.g. general government, education, etc.). Additionally, revenues are classified between program and general revenues. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues, rather than as program revenue. General revenues include all taxes. Certain indirect costs are included in the program expenses reported for individual functions.

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the State's general policy to use restricted resources first. In the governmental funds, when expenditures are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the State's general policy to spend committed resources first followed by assigned and unassigned resources, respectively.

In the governmental fund financial statements, expenditures are reported by character: "Current", "Debt Service" or "Capital Outlay." Current expenditures are subclassified by function and are for items such as salaries, grants, supplies and services. Debt service includes both interest and principal outlays related to bonds and notes. Capital outlay includes expenditures for equipment, real property or infrastructure including the Highway Fund's capital outlays for the 10-year state capital highway construction program.

Revenues and expenses of proprietary funds are classified as operating or nonoperating and are subclassified by object (e.g. administration and depreciation). Operating revenues and expenses generally result from providing services and producing and delivering goods. All other revenues and expenses are generally reported as nonoperating.

Other Financing Sources (Uses) – these additions to and reductions from resources in governmental fund financial statements normally result from transfers from/to other funds and financing provided by bond proceeds. Transfers are reported when incurred as "Transfers In" by the receiving fund and as "Transfers Out" by the disbursing fund.

Reimbursements - Various departments charge fees on a user basis for such services as centralized data processing, accounting and auditing, purchasing, personnel, and maintenance and telecommunications. These transactions, when material, have been eliminated in the government-wide and governmental fund financial statements.

P. INTERFUND ACTIVITY AND BALANCES

Interfund Activity – As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. Exceptions to this rule include activities between funds reported as governmental activities and funds reported as business-type activities (e.g. transfers of profits from the Liquor Commission to General Fund and the Lottery Commission to the Education Fund). Elimination of these activities would distort the direct costs and program revenues for the functions concerned.

In the fund financial statements, transfers represent flows of assets (such as goods or cash) without equivalent flows of assets in return or a requirement for repayment. In addition, transfers are recorded when a fund receiving revenue provides it to the fund which expends the resources.

Interfund Balances – Interfund receivables and payables have been eliminated from the government-wide Statement of Net Position, except for the amounts due between governmental and business-type activities.

Q. ENCUMBRANCES AND CAPITAL PROJECTS

Contracts and purchasing commitments are recorded as encumbrances when the contract or purchase order is executed. Upon receipt of goods or services, the encumbrance is liquidated and the expenditure and liability are recorded.

Governmental activities generally records the resources obtained and used for the acquisition, construction, or improvement of certain capital facilities in the Highway Fund and the Capital Projects Fund.

Resources obtained to finance capital projects include federal grants and general obligation bonds. General obligation bonds are recorded as liabilities and as other financing sources, as appropriate in the funds that receive the proceeds.

R. BUDGET CONTROL AND REPORTING

The Statutes of the State of New Hampshire require the Governor to submit a biennial budget to the Legislature for adoption. This budget, which includes a separate budget for each year of the biennium, consists of three parts: Part I is the Governor's program for meeting all expenditure needs and estimating revenues. There is no constitutional or statutory requirement that the Governor propose, or the Legislature adopt, a budget that does not resort to borrowing. Part II is a detailed breakdown of the budget at the department level for appropriations to meet the expenditure needs of the government. Part III consists of draft appropriation bills for the appropriations made in the proposed budget.

The operating budget is prepared principally on a modified cash basis and adopted for the governmental funds, with the exception of the Capital Projects Fund, and certain proprietary funds. The Capital Projects Fund budget represents individual projects that extend over several fiscal years. Since the Capital Projects Fund comprises appropriations for multi-year projects, it is not included in the budget and actual comparison statements. Fiduciary funds and permanent funds are not budgeted.

In addition to the enacted biennial operating budget, state departments may submit to the Legislature and Governor and Council, as required, supplemental budget requests necessary to meet expenditures during the current biennium. Appropriation transfers can be made within a department with the appropriate approvals; therefore, the legal level of budgetary control is generally at the expenditure class level within each accounting unit within each department.

Both the Executive and Legislative Branches of government maintain additional fiscal control procedures. The Executive Branch, represented by the Commissioner of the Department of Administrative Services, is directed to continually monitor the State's financial operations, needs, and resources, and to maintain an integrated financial accounting system. The Legislative Branch, represented by the Fiscal Committee, the Joint Legislative Capital Budget Overview Committee, and the Office of Legislative Budget Assistant, monitors compliance with the budget and the effectiveness of budgeted programs.

Unexpended balances of appropriations at year end will generally lapse to assigned or unassigned fund balance and be available for future appropriations unless they have been encumbered or legally defined as non-lapsing, which means the balances are reported as restricted, committed or assigned fund balance. The balance of unexpended encumbrances are brought forward into the next fiscal year. Capital Projects Fund unencumbered appropriations lapse in two years unless extended or designated as non-lapsing by law.

Budget to Actual Comparisons and additional budgetary information are included as Required Supplementary Information.

S. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates.

T. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

During the fiscal year ended June 30, 2016, the State adopted the following new accounting standards issued by the GASB:

GASBS No. 72, *Fair Value Measurement and Application,* (GASBS 72) establishes a definition of an investment and requires that all investments be measured at fair value, with certain exceptions. GASBS 72 provides guidance for determining fair value measurement for financial reporting purposes, as well as disclosures related to fair value measurements. GASBS 72 also changes the measurement guidance for donated capital assets and works of art, historical treasures, and capital assets received in a service concession agreement. Although adoption of GASBS 72 resulted in enhanced disclosures for the State, it did not materially change the measurement of the State's assets and liabilities. See note 2 Cash, Cash Equivalents and Investments for additional information.

GASBS No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* (GASBS 73) which clarifies the application of certain provisions of Statements 67 and 68. GASBS 73 establishes accounting and financial reporting standards for defined benefit pensions and defined contribution pensions that are provided to employees of state and local government employers and are not within the scope of GASB Statement No. 68, and establishes requirements for governments that hold assets accumulated for purposes of providing pensions through defined benefit pension plans that are not administered as trusts. Adoption of GASBS 73 did not require modification of the financial statements.

GASBS No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,* (GASBS 76) sets forth what constitutes GAAP for all state and local governmental entities and establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply. Adoption of GASBS 76 did not require modification of the financial statements.

GASBS No. 79, *Certain External Investment Pools and Pool Participants,* (GASBS 79) establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure all of their investments at amortized cost, and for state and local governments that participate in such qualifying external investment pools. This standard was adopted by the New Hampshire Public Deposit Investment Pool, in which the State participates; however, adoption of GASBS 79 did not require modification of the financial statements.

U. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Deferred outflows of resources are defined as a consumption of net assets by the government that is applicable to a future reporting period. Deferred inflows of resources are defined as an acquisition of net assets by the government that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets, and deferred inflows of resources decrease net position, similar to liabilities.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

PRIMARY GOVERNMENT

The State pools cash and investments except for separate cash and investment accounts maintained in accordance with legal restrictions. Each fund's equity share of the total pooled cash and investments and restricted assets is included on the statements of financial position under the captions "Cash and Cash Equivalents" and "Investments".

DEPOSITS:

The following statutory requirements and State Treasury policies have been adopted to minimize risk associated with deposits:

RSA 6:7 establishes the policy the State Treasurer must adhere to when depositing public monies. Operating funds are invested per investment policies that further define appropriate investment choices and constraints as they apply to those investment types.

Custodial Credit Risk: The custodial credit risk for deposits is the risk that in the event of a bank failure, the State's deposits may not be recovered.

Custodial credit risk is managed in a variety of ways. Although State law does not require deposits to be collateralized, the Treasurer does utilize such arrangements where prudent and/or cost effective. All banks where the State has deposits and/or active accounts are monitored as to their financial health through the services of Veribanc, Inc., a bank rating firm. In addition, ongoing reviews with officials of depository institutions are used to allow for frequent monitoring of custodial credit risk.

All deposits at FDIC-insured depository institutions (including noninterest bearing accounts) are insured by the FDIC up to the standard maximum amount of $250,000 for each deposit insurance ownership category.

All commercial paper must be from issuers having an A1/P1 rating or better and an AA- or better long-term debt rating from one or more of the nationally recognized rating agencies. Certificates of deposits must be with state or federally chartered banking institutions with a branch in New Hampshire. The institution must have the highest rating as measured by Veribanc, Inc.

Whereas all payments made to the State are to be in U.S. dollars, foreign currency risk is essentially nonexistent on State deposits.

The table below details the State's bank balances at June 30, 2016 exposed to custodial credit risk for cash and cash equivalents (expressed in thousands):

	Governmental & Business-Type			Fiduciary		
Type	Insured	Collateral & held in State's name	Uncollateralized	Insured	Collateral & held in State's name	Uncollateralized
Demand Deposits	$958	$744,393			$9,510	$42
Money Market		46,723	$494,691			8,896
Savings Accounts	250		44,483		2,473	
CDs	2,978	5,503	6,298			
Total	$4,186	$796,619	$545,472		$11,983	$8,938

INVESTMENTS:

The State Treasury has adopted policies to ensure reasonable rates of return on investments while minimizing risk factors. Approved investments are defined in statute (RSA 6:8, and 383-B:3-303). Additionally, investment guidelines exist for operating funds as well as trust and custodial funds. All investments will be denominated in U.S. dollars.

New Hampshire Public Deposit Investment Pool (NHPDIP):

The NHPDIP (the "pool") was established, in accordance with RSA 383:22-24, for the purpose of investing funds of the State of New Hampshire, funds under the custody of all governmental units, pooled risk management programs established pursuant to RSA 5-B, agencies, authorities, commissions, boards, political subdivisions, and all other public units within, or instrumentalities of the State of New Hampshire. As of June 30, 2016, the State held an investment position in NHPDIP, which is reported as the State's share of the overall pool and not by investment type based on the underlying investment securities held by the pool. In accordance with GAAP, the external portion of the NHPDIP is reported as an investment trust fund in the Fiduciary Funds using the economic resources measurement focus and accrual basis of accounting. In accordance with GASBS 79, the pool's portfolio securities are valued at amortized cost, which approximates fair value. NHPDIP's investment detail and audited financial statements can be obtained by visiting www.nhpdip.com or contacting the Client Services Team at 1-844-4NH-PDIP.

	(Fair values in thousands)	
State Treasury Investments by Type	**Governmental & Business-Type**	**Fiduciary**
Investments in Non-Participating Interest Earning Investment Contracts (CD's)	$14,779	$252
Equity Securities	19,509	
Corporate Bonds	1,175	
US Government Obligations	22,926	
Municipal Bonds	81	
Money Market Mutual Funds	8,429	
Equity Open Ended Mutual Funds	10,458	949
Fixed Income Open Ended Mutual Funds	4,870	2,239
NH Public Deposit Investment Pool (Internal investment held by State and NHH patient agency fund)	10,014	44
External Portion of NH Public Deposit Investment Pool		115,578
Totals	**$92,241**	**$119,062**
Less Investments Not Measured at Fair Value		
Investments in Non-Participating Interest Earning Investment Contracts (CD's)	(14,779)	(252)
NH Public Deposit Investment Pool (Internal investment held by State and NHH patient agency fund)	(10,014)	(44)
External Portion of NH Public Deposit Investment Pool		(115,578)
Investments Measured at Fair Value	**$67,448**	**$3,188**

Fair Value Measurements of Investments: In accordance with GASBS 72, except for investments measured using net asset value (NAV) as a practical expedient to estimate fair value, the State categorizes the fair value measurements of its investments within the fair value hierarchy established by U.S. GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

- Level 1 inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the State has the ability to access at the measurement date. Most of the State's directly held marketable equity securities would be examples of Level 1 investments.
- Level 2 inputs are other than quoted prices that are observable for assets or liabilities either directly or indirectly, including inputs in markets that are not considered to be active. Because they most often are priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held fixed income securities are categorized in Level 2.
- Level 3 inputs are significant unobservable inputs. The State held no Level 3 investments as of June 30, 2016.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Investments are reported at fair value. If an investment is held directly by the State and an active market with quoted prices exists, such as for domestic equity securities, the market price of an identical security is used to report fair value and is classified in Level 1. Corporate fixed income securities and certain governmental securities utilize pricing that may involve estimation using similar securities or trade dates and are classified in Level 2. Fair values for shares in registered mutual funds and exchange-traded funds are based on published share prices and classified in Level 1.

The following table summarizes the State's investments measured at fair value, by type, as of June 30, 2016 (expressed in thousands):

	Investments Classified in the Fair Value Hierarchy		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Governmental & Business-Type Activities			
U.S. Government Obligations & Municipal Bonds (1)		$23,007	$23,007
Equity Securities	$19,509		19,509
Corporate Bonds		1,175	1,175
Money Market Mutual Funds	8,429		8,429
Equity Open Ended Mutual Funds	10,458		10,458
Fixed Income Open Ended Mutual Funds	4,870		4,870
Total Governmental & Business-Type activities	43,266	24,182	67,448
Fiduciary Activities			
Equity Open Ended Mutual Funds	949		949
Fixed Income Open Ended Mutual Funds	2,239		2,239
Total Fiduciary Activities	3,188		3,188
Total Investments	$46,454	$24,182	$70,636

Notes to the table above:

(1) Rates range from 0.5% to 5.25% and maturities from fiscal year 2017 to 2029.

The table below reconciles the cash, cash equivalents, and investments in the financial statements to the footnote (expressed in thousands):

Reconciliation Between Financial Statements and Footnote						
		Unrestricted		**Restricted**		
		Cash and Cash Equivalents	**Investments**	**Cash and Cash Equivalents**	**Investments**	**Total**
Per Statement of Net Position	Primary Government	$652,697	$25,607	$965,998	$48,377	$1,692,679
Per Statement of Fiduciary Net Position	Private Purpose	3,500	3,212			6,712
	Investment Trust	8,495	115,578			124,073
	Agency Funds	13,430	272			13,702
	Total per Financial Statements	**$678,122**	**$144,669**	**$965,998**	**$48,377**	**$1,837,166**

	Per Footnote
Carrying Amount of Deposits	1,625,863
Treasury Investments	211,303
Total Per Footnote	**$1,837,166**

Equity Securities and Mutual Funds:

The State's policy relative to operating funds and mitigation of concentration and credit risk does not permit investing in equity securities. Although not issuer specific, individual investment guidelines for trust and custodial funds include overall asset allocation limits that are consistent with sound investment principles and practices. All equity mutual funds are open ended and not exposed to custodial credit risk. There is no concentration, custodial or credit risk to the State for amounts held in the State's abandoned property program.

Credit Risk: The risk that the issuer or other counterparty will not fulfill its obligations. The NHPDIP is rated AAAm by Standard & Poor's Rating Services. The AAAm principal stability rating is the highest assigned to principal stability government investment pools.

Debt Securities: The State invests in several types of debt securities including corporate and municipal bonds, and securities issued by the U.S. Treasury and Government Agencies. The Turnpike System's investment in U.S. Treasury Bonds and Bills represent $19.1 million of the State's debt securities.

Credit Risk: The risk that the issuer will not fulfill its obligations. The State invests in only investment grade securities which are defined as those with a grade B or higher. Obligations of the US Government or obligations backed by the U.S. Government are not considered to have credit risk.

Interest Rate Risk: The risk that changes in interest rates will adversely affect the fair value of the State's investments. Interest rate risk is primarily measured and monitored by defining or limiting the maturity of any investment or weighted average maturity of a group of investments. Fixed income mutual funds which consist of shares of funds which hold diversified portfolios of fixed income securities for operating purposes are limited to those with average maturity not to exceed 3 years. Trust and custodial funds manage and monitor interest rate risk primarily through a weighted average maturity approach (WAM). The State's WAM is dollar-weighted in terms of years. The specific target or limits of such maturity and percentage allocations are tailored to meet the investment objective(s) and defined in the investment guidelines associated with those funds.

Custodial Credit Risk: The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investments that are in the possession of an outside party. Open ended mutual funds and external pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The State's selection criteria is aimed at investing only with high quality institutions where default is extremely unlikely. The Turnpike System's investments are held by its custodian in the name of the Turnpike System.

Concentration Risk: The risk of loss attributed to the magnitude of the State's investment in a single issuer. This risk is applicable to the State's investments in corporate bonds. However, as all corporate bonds are held in the State's abandoned property program, there is no concentration risk. The State does not have a formal policy relative to operating funds and mitigation of concentration of credit risk. Although not issuer specific, individual investment guidelines for trust and custodial funds include overall asset allocation limits that are consistent with sound investment principles and practices.

Credit Risk and Interest Rate Risk (expressed in thousands)

	Governmental & Business Type			Fiduciary		
Type	Credit Risk		Interest Rate Risk	Credit Risk		Interest Rate Risk
	Investment Grade	Unrated	WAM in years	Investment Grade	Unrated	WAM in years
Corporate Bonds	$1,175		4.2			
U.S. Government Obligations Held in Permanent Funds	1,578		8.1			
U.S. Government Obligations Held in Governmental and Business Type Activities	21,348		0.1			
Fixed Income Open Ended Mutual Funds		4,870	4.4		$2,239	6.8
Municipal Bonds	81		2.7			

FIDUCIARY COMPONENT UNIT (New Hampshire Retirement System – NHRS)

Investments are reported at fair value. Investments in both domestic and non-U.S. securities are valued at current market prices and expressed in U.S. dollars. NHRS uses a trade-date accounting basis for these investments. Investments in non-registered commingled funds are valued at net asset value (NAV) as a practical expedient to estimate fair value.

Real estate includes investments in commingled funds. The financial statements for commingled funds are typically audited as of the calendar year-end. The NAVs for real estate investments recorded in this report were obtained from financial statements provided by the general partners of commingled funds. NAVs are used as a practical expedient to estimate fair value. Real estate commingled funds are selected by NHRS's discretionary real estate manager.

Alternative investments include investments in private equity, private debt and absolute return strategies. The NAVs for alternative investments recorded in this report were obtained from statements provided by the investment managers. These financial statements are typically audited as of the calendar year-end.

Cash and cash equivalents are valued at cost, which approximates fair value. Cash and cash equivalents primarily represent investments in the pooled short term investment fund managed by NHRS's master custodian. This fund invests mainly in high-grade money market instruments with maturities averaging less than three months. The fund provides daily liquidity.

The Plan holds no investments, either directly or indirectly, nor participates in any loans or leases, nor other party-in-interest transactions with any NHRS officials, New Hampshire State Government officials, or parties related to these officials.

The annual money-weighted rate of return at June 30, 2016 was 0.9%. The return shows the investment performance net of fees and is adjusted for the timing of cash flows and the changing amounts actually invested.

RSA 100-A:15, I, provides separate and specific authorities to the NHRS Board of Trustees and the Independent Investment Committee for the management of the funds of the Plan and charges them with exercising the judgment and care under the circumstances then prevailing, which persons of prudence, discretion and intelligence, acting in a like capacity and familiar with such matters, would use in the conduct of a pension plan of like character and with like aims of the Plan.

To aid in the prudent investment of the Plan's assets, NHRS has adopted an Investment Manual which includes an investment policy. Primary components of the investment policy include the delineation of roles and responsibilities of the NHRS Board of Trustees, Independent Investment Committee, staff, and service providers; investment objectives; asset allocation policy; and asset class performance measurement and monitoring policy. This policy may be modified by the NRHS Board of Trustees as deemed necessary. In addition, the Investment Manual includes asset class guidelines which provide parameters for investment management.

Professional investment managers are bound by policy and contract to a standard of care that establishes a fiduciary relationship, to the extent permitted by law, requiring the manager to act prudently and solely in the best interest of the Plan and beneficiaries. Investment guidelines provide portfolio-level standards for separate account management including permissible investment types; security concentration thresholds; investment restrictions; and benchmarks for performance measurement and monitoring. NHRS utilizes a custodial bank compliance system to monitor the marketable investment portfolios against their respective guidelines.

NHRS's asset allocation as of June 30, 2016, as recommended by the Independent Investment Committee and adopted by the NHRS Board of Trustees, is as follows:

ASSET ALLOCATION	**2016**	
Asset Class:	**Target**	**Range**
Large Cap Equities	22.50%	
Small/Mid Cap Equities	7.50%	
Total Domestic Equity	**30.00%**	**20–50%**
Int'l Equities (Unhedged)	13.00%	
Emerging Int'l Equities	7.00%	
Total International Equity	**20.00%**	**15–25%**
Core Bonds	5.00%	
Short Duration	2.00%	
Global Multi-Sector Fixed Income	11.00%	
Absolute Return Fixed Income	7.00%	
Total Fixed Income	**25.00%**	**20–30%**
Private Equity	5.00%	
Private Debt	5.00%	
Opportunistic	5.00%	
Total Alternative Investments	**15.00%**	**0–25%**
Real Estate	10.00%	
Total Real Estate	**10.00%**	**5-20%**
TOTAL	**100.00%**	

Custodial Credit Risk - Deposits: Custodial credit risk for deposits is the risk that in an event of a bank failure, deposits may not be recovered. NHRS does not have a deposit policy to manage custodial credit risk on deposits.

At June 30, 2016, NHRS held deposits of $6.7 million in the local custodian bank. These deposits are fully insured or collateralized and are used to support the daily working capital needs of NHRS.

Custodial Credit Risk - Investments: Investment securities are exposed to custodial credit risk if the investment securities are uninsured, are not registered in the name of the Plan, and are held by either:

a. The counterparty to a transaction or,

b. The counterparty's trust department or agent but not in the Plan's name.

All of NHRS's securities are held by NHRS's bank in NHRS's name.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributable to the magnitude of the Plan's investments in a single issuer. NHRS policy is expressed through individual separate account manager guidelines which limit investments in a single issuer to 10%, or less, of the portfolio value in order to control the overall risk of loss on a total portfolio level. This threshold is set as an upper limit, and in actual practice, managers generally do not reach this limit. Certain securities may be excluded from this limitation due to the nature of the invest-

ments (such as U.S. government securities, government-sponsored enterprise obligations, and supranational debt). NHRS fixed income managers have consistently adhered to the established guidelines for issuer concentration. The fixed income commingled fund managers have established investment guidelines regarding concentration of credit risk. The total portfolio is broadly-diversified across equities, fixed income, cash equivalent securities, real estate and alternative investments. Due to this diversification, the concentration of credit risk in a single issuer is below 5% at the total portfolio level. Investments issued or explicitly guaranteed by the U.S. government are excluded from this regulation.

Interest Rate Risk - Fixed Income Investments: Interest rate risk is the effect on the fair value of fixed income investments from changes in interest rates. Duration measures a debt investment's change in fair value arising from a change in interest rates.

Interest rate risk is illustrated below using the effective duration or option-adjusted methodology. This methodology is widely-used in the management of fixed income portfolios to quantify the risk associated with interest rate changes. The effective duration methodology takes into account the most likely timing and magnitude of variable cash flows, such as callable options, prepayments and other factors, and scales the risk of price changes on bonds depending upon the degree of change in rates and the slope of the yield curve.

The NHRS policy on duration is expressed through individual portfolio guidelines with each investment manager in lieu of a broad, plan-level policy. Duration guidelines have been established with each fixed income manager in order to manage interest rate risk within the separate account portfolios. The fixed income commingled fund managers also have established investment guidelines regarding duration. These provisions specify that the duration of each individual fixed income portfolio will be managed within a specified percentage or number of years relative to its benchmark index. NHRS fixed income managers follow the established guidelines for duration. If there is an occasional exception, the manager prudently remedies the guideline breach.

The following effective duration table quantifies the interest rate risk of the Plan's fixed income assets, as of June 30, 2016 (dollars expressed in thousands):

Investment Type	Fair Value June 30, 2016	Percentage of Fixed Income Investments	Effective Duration in Years	Weighted Average Effective Duration Years
Collateralized/Asset Backed Obligations	$172,043	9.7%	4.4	0.4
Corporate Bonds	622,956	35.3%	5.7	2.0
Government and Agency Bonds	559,737	31.7%	5.8	1.8
Commingled Fund	204,997	11.6%	4.5	0.52
Commingled Fund	205,679	11.7%	3.5	0.4
Totals	**$1,765,412**	**100.0%**		**5.12**

Credit Risk - Fixed Income Securities: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

NHRS controls credit risk on debt securities by establishing requirements for average credit quality at the separate account portfolio level and through credit quality standards for individual securities. The NHRS policy on credit quality is expressed through individual portfolio guidelines with each investment manager in lieu of a broad, plan-level policy. The investment guidelines are customized to the individual manager's strategy. NHRS fixed income managers follow established guidelines for credit quality. If there is an occasional exception, the manager prudently remedies the guideline breach. NHRS applies standards with regard to securities rated by nationally recognized statistical rating organizations ("NRSRO") and uses the lowest agency ratings for evaluating the credit quality of a specific security. The fixed income commingled fund managers have established investment guidelines regarding concentration of credit risk.

The following schedule illustrates the Plan's fixed income investments as of June 30, 2016, including the distribution of those investments by Standard & Poor's quality credit ratings (dollars expressed in thousands):

	Quality Ratings[1]					
Investment Type	Fair Value June 30, 2016	AAA	AA	A	BBB or Lower	Unrated
Collateralized/Asset Backed Obligations	$172,043	$89,585	$27,801	$15,725	$25,483	$13,449
Corporate Bonds	622,956	8,973	55,529	123,373	433,634	1,447
Government and Agency Bonds[2]	273,424	45,116	64,101	76,576	70,672	16,959
Commingled Fund[3]	204,997			204,997		
Commingled Fund[3]	205,679		205,679			
Totals	**$1,479,099**	**$143,674**	**$353,110**	**$420,671**	**$529,789**	**$31,855**
Percent of Total Fair Value		**9.71%**	**23.87%**	**28.44%**	**35.82%**	**2.15%**

[1]Ratings were derived primarily from Standard & Poor's (S&P). In instances where S&P did not rate a security, the Moody's rating was used.

[2]Government and Agency Bonds exclude U.S. government securities and securities explicitly guaranteed by the U.S. government ($286,313) because these securities are not considered to have credit risk.

[3]Average credit quality rating for the commingled funds was provided by GAM and Manulife respectively.

Investments in asset-backed and mortgage-backed securities are reported at fair value. Although not generally considered to be derivatives, asset-backed and mortgage-backed securities receive cash flows from interest and principal payments on the underlying assets and mortgages. As a result, they are exposed to prepayment risk. As of June 30, 2016, the Plan's combined investment in asset-backed and mortgage-backed securities held in separate account portfolios totaled $129.9 million, respectively.

Foreign Currency Risk - Investments: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment.

NHRS manages its foreign currency risk primarily through its strategic asset allocation policy. As of June 30, 2016, investments in non-U.S. equity securities have a target asset allocation of 20% of total investments with a target range of 15–25%. As of June 30, 2016, non-U.S. fixed income securities represent 3.3% of the total investments as a result of the managers' security selection process. Non-U.S. investments are permitted in the alternative investment asset class, which includes private equity, private debt and absolute return strategy investments. The target allocation for alternative investments is 15% and the NHRS investment policy does not set limits for foreign investments in this asset class. The target allocation for real estate investments is 10%, and up to 35% of the Plan's real estate allocation may be invested in non-U.S. investments.

In addition, foreign currency risk is mitigated through the investment guidelines. NHRS manages its foreign exposure by requiring that separate account managers diversify their non-U.S. portfolios by country, sector and issuer to limit both foreign currency risk and security risk. Managers of commingled funds have discretion over their respective investment guidelines which must be consistent with strategies approved by NHRS. In certain instances, where permitted in the investment guidelines, investment managers may also use foreign currency forward contracts to hedge against foreign currency risk.

The Plans' exposure to foreign currency risk at June 30, 2016 is presented on the following schedule (expressed in thousands):

Currency	Equity*	Fixed Income	Real Estate & Alternative Investments	Cash and Cash Equivalents	Totals
Total investments subject to foreign currency risk	**$547,467**	**$247,336**	**$76,917**	**$1,045**	**$872,765**

*NHRS also invests in commingled funds where foreign currency risk information is not available. As a result, totals for equity shown on this schedule will not match the total non-U.S. equity shown on the Combining Statements of Fiduciary Net Position.

Derivatives: Derivative instruments are contracts whose values are based on the valuation of an underlying asset, reference rate or index. Derivatives include futures, options, forward contracts and forward foreign currency exchanges. NHRS managers may enter into certain derivative instruments primarily to enhance the efficiency and reduce the volatility of the portfolio. As of June 30, 2016, there was $2.6 million invested in equity futures and there were no investments in options within the separate account portfolios. The NHRS investment policy and certain investment manager guidelines allow for the use of derivative instruments. The use of futures, options, or forward contracts is not permitted for any speculative hedging or leveraging of the portfolios and is prohibited in separate account mandates. Managers of commingled funds have discretion over their respective investment guidelines which may allow for the use of derivative instruments.

The Plan could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. To mitigate this risk, investment managers conduct assessments of their counterparties and utilize exchanges which have trading standards.

NHRS managers may use futures, options, and foreign currency exchange contracts in order to manage currency risk or initiate transactions in non-U.S. investments. NHRS may be positively or negatively impacted by foreign currency risk due to fluctuations in the value of different currencies. The Plan could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. To mitigate this risk, investment managers conduct assessments of their counterparties and utilize exchanges which have trading standards. The fair value of open foreign currency exchange contracts including unrealized appreciation or depreciation is recorded on the Statement of Fiduciary Net Position as Due from Brokers for Securities Sold and as Due to Brokers for Securities Purchased.

Foreign currency exchange contracts open at June 30, 2016 are summarized below (expressed in thousands):

FOREIGN CURRENCY EXCHANGE CONTRACTS PURCHASED & SOLD		
	Unrealized Appreciation	Unrealized (Depreciation)
Totals	$662	$(1,721)

Fair Value: NHRS categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles as described in detail in Note 1, section E. Investments. Investments are reported at fair value. If an investment is held directly by NHRS and an active market with quoted prices exists, such as for domestic equity securities, the market price of an identical security is used to report fair value and is classified in Level 1. Corporate fixed income securities and certain government securities utilize pricing that may involve estimation using similar securities or trade dates and are classified in Level 2. Fair values for shares in registered mutual funds and exchange-traded funds are based on published share prices and classified in Level 1. Investments in real estate, private equity and private debt funds are generally reported at the net asset value (NAV) reported by the fund managers and assessed as reasonable by NHRS, which is used as a practical expedient to estimate the fair value of NHRS's interest therein, unless it is probable that all or portion of the investment will be sold for an amount different from NAV. At June 30, 2016 NHRS had no plans or intentions to sell investments at amounts different from NAV.

NAVs determined by fund managers generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. Because of the inherent uncertainties of valuation, the estimated fair values used in NAV calculations may differ significantly from values that would have been used had a ready market existed, and the differences could be material.

The following table summarizes NHRS's investments measured at fair value, by type, as of June 30, 2016 (expressed in thousands):

	2016			
	Fair Value Measurements Using			
Investments at Fair Value	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Net Asset Value (NAV)
Short -term:				
Cash and Cash Equivalents	$140,787	$140,787		
Fixed Income:				
U.S Government Obligations (1)	286,313	246,469	$39,844	
Domestic Fixed Income (2)	821,087	5,904	815,183	
Commingled Funds (3)	410,676			$410,676
International Fixed Income (4)	247,336		247,336	
Equity:				
Domestic Equity Securities	2,590,619	2,587,812	2,807	
Commingled Funds (5)	544,447			544,447
International Equity Securities	558,515	558,515		
Real Estate:				
Real Estate Funds (6)	787,937			787,937
Alternative Investments:				
Private Equity (7)	453,602			453,602
Private Debt (8)	324,961			324,961
Opportunistic (9)	206,410			206,410
Total Investments	**$7,372,690**	**$3,539,487**	**$1,105,170**	**$2,728,033**

Notes to the table above:

(1) Rates range from 0.625% to 6.770%, and maturities from 2017 to 2046.

(2) Rates range from 0.00% to 10.500%, and maturities from 2016 to 2057.

(3) This represents investments in 2 commingled fixed income funds that invest globally in both Developed and Emerging Markets with investments consisting primarily of corporate bonds (investment grade and high yield), sovereign bonds and securitized bonds. These funds may also invest in convertible bonds and currencies. The redemption frequency for these investments range from daily to monthly with 1 to 30 business days' prior written notice.

(4) Rates range from 0.250% to 10.250%, and maturities from 2016 to 2064.

(5) This represents investments in 4 commingled equity funds that invest primarily in common stock of companies located outside the U.S., including Emerging Markets. These investments have daily liquidity and require up to 10 business days' notice for redemption.

(6) This represents investments in 45 funds consisting of 10 open-end funds and 35 closed-end funds. The open-end funds can be redeemed on a quarterly basis with a 45-90 day notice period. The closed-end funds are not redeemable. Beginning in 2010 NHRS real estate portfolio was restructured from direct property holdings to a diversified portfolio of funds. As such, 40 of the 45 investments have been made during the period from 2010 to 2016.

(7) This represents 30 investments in private partnerships focused primarily on the following strategies: buyouts, growth equity, secondaries and energy. These private partnerships typically have 10 to 15 year life cycles during which limited partners are unable to redeem their positions, but instead, receive distributions as the partnerships liquidate their underlying assets.

(8) This represents 16 investments in private partnerships focused primarily on the following strategies: direct lending, mezzanine and distressed debt. These private partnerships typically have 10 to 15 year life cycles during which limited partners are unable to redeem their positions, but instead, receive distributions from coupon payments and/or as the partnerships liquidate their underlying assets.

(9) SLI GARS is held within the Opportunitstic sleeve of the Alternative Investments asset allocation as SLI GARS is an "unconstrained/ go anywhere" manager that invests across various geographies and asset classes including equity, credit, interest rates, currencies and real estate. This manager invests on an opportunistic basis to take advantage of market dislocations.

Unfunded commitments with various real estate and alternative investment funds total $920.6 million as of June 30, 2016.

FIDUCIARY COMPONENT UNIT (New Hampshire Judicial Retirement Plan – NHJRP)

Custodial Credit Risk – Deposits: At times, NHJRP maintains cash balances in excess of the amount insured by the Federal Deposit Insurance Corporation. NHJRP has not experienced any losses in such accounts. NHJRP believes it is not exposed to any significant risk with respect to these accounts held at Bank of New Hampshire.

Custodial Credit Risk – Investments: Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, NHJRP will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of NHJRP and are held by either the counterparty, or the counterparty's trust department or agency, but not in NHJRP's name.

NHJRP does not have a written policy in place to address custodial credit risk on investments. As of December 31, 2015, NHJRP's investments included in the Statement of Fiduciary Net Position were exposed to custodial credit risk. The investments were held by the counterparty, not in the name of NHJRP.

Concentration of Credit Risk: NHJRP's investment policy prohibits more than 5% of the portfolio, at fair value, to be invested in the securities of any one company. These guidelines mitigate the magnitude of risk and loss attributable to a single issuer.

Interest Rate Risk – Fixed Income Investments: Interest rate risk associated with adverse effects of changes in the fair value of fixed income securities is not addressed in the policy by NHJRP. While policies do exist to limit the percentage of market value in a single issue at any one time and of the total percentage held of any issuer's debt instruments, the duration of the remaining life of individual securities is not subject to any limitations and may therefore introduce a measure of interest rate risk.

Credit Quality Risk – Fixed Income Investments: The investment policy uses quality ratings by Standard & Poor's and Moody's as the primary guide for corporate fixed income investments. There are no limits on the use of U.S. Government, agency or guaranteed issues. In addition, there are no limits on the use of issues of Canadian, British, Japanese, Australian, or European monetary systems bloc governments and their agencies and supranational borrowers in local currency or European Currency Unit. A 15% limit is placed on all other issues.

Fair Value: As NHJRP has not implemented GASBS 72 because of its December 31, 2015 fiscal year-end, leveling disclosures are not included.

MAJOR COMPONENT UNIT (University System of New Hampshire - USNH)

Cash, cash equivalents, and short-term investments are recorded at fair value. USNH's investment policy and guidelines specify permitted instruments, durations, required ratings and insurance of USNH cash, cash equivalents and short-term investments. The investment policy and guidelines are intended to mitigate credit risk on investments individually and in the aggregate through restrictions on investment type, liquidity, custodian, dollar level, maturity, and rating category. Money market funds are placed with the largest national fund managers. These funds must be rated AAA/Aaa by Standard & Poor's and Moody's Investor Service and comply with Securities and Exchange Commission Rule 2A-7. Repurchase agreements must be fully collateralized at 102% of the face value by U.S. Treasuries, or 103% of the face value by US Government-backed or guaranteed agencies or government sponsored enterprises. In addition, USNH investments may not exceed 5% of any institution's total deposits or 20% of any institution's net equity.

Cash equivalents represent amounts invested for the purpose of satisfying current operating liabilities and include repurchase agreements, money market funds and other mutual funds. Repurchase agreements are limited to overnight investments only. Short-term investments are highly liquid amounts held to support specific current liabilities. Cash, cash equivalents and short-term investments are generally uninsured and uncollateralized against custodial credit risk, and the related mutual funds are not rated. Cash and cash equivalents totaled $69.2 million and short-term investments totaled $158.4 million at June 30, 2016.

The components of cash, cash equivalents and short-term investments are summarized below (expressed in thousands):

	Level 1	Level 2	Total	Weighted Average Maturity
Cash balance	$4,058		$4,058	Less than 1 year
Repurchase agreements		$28,847	28,847	Less than 1 year
Money Market funds	60,473		60,473	Less than 1 year
Domestic Equity	205		205	Less than 1 year
Mutual Funds	133,458		133,458	1-5 years
U.S. Treasauries		526	526	5-10 years
Total cash, cash equivalents and short-term investments	$198,194	$29,373	$227,567	

USNH's investment policy and guidelines specify permitted instruments, duration and required ratings for pooled endowment funds. The policy and guidelines are intended to mitigate risk on investments individually and in the aggregate while maximizing total returns and supporting intergenerational equity of spending levels. Illiquid investments are limited to 20% of the USNH consolidated endowment pool. Credit risk is mitigated by due diligence in the selection and continuing review of investment managers as well as diversification of both investment managers and underlying investments. No more than $50 million may be invested in any single fund and no more than $75 million or 10% of the pool may be invested with any single bank, fund manager, or investment group unless approved by the Finance Committee for Investments. Foreign currency risk is mitigated by limiting global equity investments in publically traded international and emerging market funds to 25% of the endowment pool. Private global equity investments are limited to 15% of the endowment pool. No USNH endowment investments were denominated in foreign currencies as of June 30, 2016.

Endowment and similar investments are reported at estimated fair value. The fair value of these investments is based on quoted market prices when available. If an investment is held directly by USNH and an active market with quoted prices exists, the market price of an identical security is used to determine its fair value. Fair values of shares in registered mutual funds are based on published share prices. Registered mutual funds and directly held equity securities are classified in Level 1 of the fair value hierarchy. Investments classified in Level 2 consist of directly held investments that have valuations based on inputs other than quoted prices. There were no transfers between levels in 2016.

As a practical expedient to estimate the fair value of USNH's interests, certain investments in commingled funds and limited partnerships are reported at the net asset value (NAV) determined by the fund managers, without adjustment when assessed as reasonable by USNH, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. Because these investments are not readily marketable, their estimated fair values may differ from the values that would have been assigned had a ready market for such investments existed, and such differences could be material. As of June 30, 2016, USNH had no plans or intentions to sell such investments at amounts different from NAV.

The following tables summarize USNH's investments by type (expressed in thousands):

	Investments Classified in the Fair Value Hierarchy		Investments	
	Level 1	Level 2	Measured at NAV	Total
Endowment and similar investments - campuses				
Money market	$8,653			$8,653
Domestic equity	103,401		$39,505	142,906
International equity	43,772		35,698	79,470
Global fixed income	16,154	$20,568	47	36,769
Inflation hedging assets		6,090	17,962	24,052
Hedge funds:				
Fund of Funds			52,805	52,805
Event-Driven			27,206	27,206
Equity Hedge			40,510	40,510
Distressed/Restructuring			10,388	10,388
Private equity & non-marketable real assets			21,541	21,541
Funds held in trust		15,119		15,119
Total endowment and similar investments - campuses	171,980	41,777	245,662	459,419
Endowment and similar investments - affiliated entities				
Money market	9,205			9,205
Domestic equity	34,715		29,080	63,795
International equity	13,319		24,019	37,338
Global fixed income	9,223	1,786	1,261	12,270
Inflation hedging assets	2,813	3,873	3,681	10,367
Hedge funds:				
Equity Hedge			16,698	16,698
Distressed/Restructuring			21,232	21,232
Diversified			12,991	12,991
Private equity & non-marketable real assets			11,994	11,994
Total endowment and similar investments - affiliated entities	69,275	5,659	120,956	195,890
Total endowment and similar investments	$241,255	$47,436	$366,618	$655,309

The majority of USNH's investments are units of institutional commingled funds and limited partnerships invested in equity, fixed income, hedge, natural resources, private equity, or real estate strategies. Hedge strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedge strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges and other instruments which are valued by the investment manager. To the extent quoted prices exist the manager would use those; otherwise, other methodologies maximizing observable inputs would be used for the valuation, such as discounted cash flow analysis, capitalization of current or stabilized net operating income, replacement costs, or sales contracts and recent sales comparable in the market. Private equity funds employ buyout, growth and venture capital, and distressed security strategies. Real asset funds generally hold interests in private real estate. As of June 30, 2016, fixed income securities had maturities up to 30 years and carried ratings ranging from AAA to A3. The mutual fund investments held in the endowment pools are not rated.

Unfunded commitments with various private equity and similar alternative investment funds total $15.8 million for USNH and $21.6 million for the University of New Hampshire Foundation,. Inc. (UNHF) at June 30, 2016. This compares to $15.9 million and $10.9 million, respectively, at June 30, 2015.

3. RECEIVABLES AND OTHER RECEIVABLES-RESTRICTED

The following is a breakdown of receivables at June 30, 2016 (expressed in thousands):

	Governmental	Business-Type	Total	Major Component Unit
Short-Term Receivables				
Taxes:				
Meals and Rooms	$38,391		$38,391	
Business Taxes	150,012		150,012	
Tobacco	10,061		10,061	
Real Estate Transfer	16,367		16,367	
Interest & Dividends	24,635		24,635	
Communications	5,282		5,282	
Utility Property Tax	20,600		20,600	
Gasoline Road Toll	10,955		10,955	
Subtotal	276,303		276,303	
Other Receivables:				
Turnpike System		$7,194	7,194	
Liquor Commission		6,499	6,499	
Lottery Commission		2,353	2,353	
Unemployment Trust Fund		18,132	18,132	
Internal Service Fund	9,449		9,449	
Federal Grants	304,021		304,021	$16,330
Local Grants	34,021		34,021	
Miscellaneous	70,187		70,187	7,042
Short Term Portion Of SRF Loans Receivable		23,846	23,846	
Short Term Portion Of Note/Pledge Receivable				6,978
Subtotal	417,678	58,024	475,702	30,350
Total Current Receivables (Gross)	693,981	58,024	752,005	30,350
Long-Term Receivables				
SRF Loans Receivable		369,228	369,228	
Miscellaneous	16,036		16,036	
Note/Pledge Receivable				33,534
Total Long Term Receivables (Gross)	16,036	369,228	385,264	33,534
Allowance for Doubtful Accounts	(44,326)		(44,326)	(9,303)
Total Receivables (Net)	$665,691	$427,252	$1,092,943	$54,581

State Revolving Fund (SRF):

Business-type activities include loans made under a program with the U.S. Environmental Protection Agency to improve cleanliness and potability of the State's water supplies. The SRF lends funds to municipalities and qualified private water organizations for the purpose of constructing wastewater and drinking water treatment facilities. The loans, based on specific federal criteria, may allow for forgiveness of portions of the principal. Amounts recorded as principal forgiveness totaled approximately $4.0 million for the year ended June 30, 2016.

Unearned Revenue:

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. As of June 30, 2016, unearned revenue reported in governmental funds was $84.6 million, and in business-type activities was $15.3 million.

4. CAPITAL ASSETS

Capital Asset activity for the year ended June 30, 2016, was as follows (expressed in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not being depreciated:				
Land & Land Improvements	$541,646	$18,254	$(1,573)	$558,327
Construction in Progress	215,048	167,925	(171,386)	$211,587
Work in Progress Computer Software	56,673	18,805		$75,478
Total Capital Assets not being depreciated	813,367	204,984	(172,959)	845,392
Other Capital Assets:				
Equipment & Computer Software	309,508	19,672	(6,305)	322,875
Buildings & Building Improvements	794,021	21,195	(2,706)	812,510
Land Improvements	115,896	4,894		120,790
Infrastructure	3,524,721	160,235	(6,860)	3,678,096
Total Other Capital Assets	4,744,146	205,996	(15,871)	4,934,271
Less accumulated depreciation for:				
Equipment & Computer Software	(273,541)	(18,752)	8,071	(284,222)
Buildings & Building Improvements	(390,811)	(22,185)	1,529	(411,467)
Land Improvements	(94,383)	(2,239)	15	(96,607)
Infrastructure	(1,992,833)	(53,158)	1,505	(2,044,486)
Total Accumulated Depreciation	(2,751,568)	(96,334)	11,120	(2,836,782)
Other Capital Assets, Net	1,992,578	109,662	(4,751)	2,097,489
Governmental Activities Capital Assets, Net	$2,805,945	$314,646	$(177,710)	$2,942,881
Business-Type Activities:				
Turnpike System:				
Capital Assets not being depreciated:				
Land & Land Improvements	$103,670		$(2,266)	$101,404
Construction in Progress	114,171	48,476	(20,950)	141,697
Capital Assets not being depreciated	217,841	48,476	(23,216)	243,101
Other Capital Assets:				
Equipment & Computer Software	48,798	2,094	(665)	50,227
Buildings & Building Improvements	6,613	7,846		14,459
Land Improvements	1,972	31		2,003
Infrastructure	951,176	11,873	(149)	962,900
Total Other Capital Assets	1,008,559	21,844	(814)	1,029,589
Less accumulated depreciation for:				
Equipment	(43,036)	(2,754)	535	(45,255)
Buildings & Building Improvements	(2,457)	(363)		(2,820)
Land Improvements	(98)	(100)		(198)
Infrastructure	(303,423)	(19,013)	149	(322,287)
Total Accumulated Depreciation	(349,014)	(22,230)	684	(370,560)
Turnpike Capital Assets, Net	$877,386	$48,090	$(23,346)	$902,130
Liquor:				
Capital Assets not being depreciated:				
Land	$2,080		$(78)	$2,002
Construction In Progress	434	$1,143	(434)	1,143
Work In Progress Computer Software		911		911
Total Capital Assets not being depreciated	2,514	2,054	(512)	4,056
Other Capital Assets:				
Equipment	5,899	1,806	(162)	7,543
Buildings & Building Improvements	33,802	1,957	(1,162)	34,597
Land Improvements	716	48	(75)	689
Total Other Capital Assets	40,417	3,811	(1,399)	42,829
Less accumulated depreciation for:				
Equipment	(4,841)	(709)	156	(5,394)
Buildings & Building Improvements	(11,832)	(811)	887	(11,756)
Land Improvements	(666)	(5)	75	(596)
Total Accumulated Depreciation	(17,339)	(1,525)	1,118	(17,746)
Liquor Capital Assets, Net	$25,592	$4,340	$(793)	$29,139
Lottery Commission:				
Equipment	$630	$72	$(50)	$652
Less Accumulated Depreciation for Equipment:	(420)	(71)	50	(441)
Lottery Capital Assets, Net	$210	$1	$-	$211

Current period depreciation expense was charged to functions of the primary government as follows (expressed in thousands):

Governmental Activities:	
General Government	$7,776
Administration of Justice and Public Protection	13,123
Resource Protection and Development	5,487
Transportation	64,119
Health and Social Services	5,361
Education	468
Total Governmental Activities Depreciation Expense	$96,334

The State possesses certain capital assets that have not been capitalized and depreciated, these assets include works of art and historical treasures such as statues, monuments, paintings and miscellaneous capitol-related artifacts and furnishings. These collections meet all of the following criteria.

A. Held for public exhibition, education, or research in furtherance of public service, rather than financial gain.

B. Protected, kept unencumbered, cared for, and preserved.

C. Subject to an organizational policy that required the proceeds from the sales of collection items to be used to acquire other items for the collection.

Major Component Unit: The following is a rollforward of Capital Assets for the University System of New Hampshire (expressed in thousands):

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	$15,789	$2	$(11)	$15,780
Building and Building Improvements	1,555,154	68,199	(30,262)	1,593,091
Equipment	118,717	12,894	(8,524)	123,087
Construction in Progress	67,490	119,567	(68,700)	118,357
Subtotal	$1,757,150	$200,662	$(107,497)	$1,850,315
Less: Accumulated Depreciation	(747,565)	(59,919)	34,220	(773,264)
Total	$1,009,585	$140,743	$(73,277)	$1,077,051

5. LONG-TERM DEBT

PRIMARY GOVERNMENT

Bonds/Notes Authorized and Unissued: Bonds/Notes authorized and unissued amounted to $821.9 million at June 30, 2016. The proceeds of the bonds/notes will be applied to the following funds when issued (expressed in millions):

Capital Projects Fund	$286.4
Federal Highway/Garvees	485.3
Turnpike System	50.2
Total	$821.9

Turnpike System: The Legislature has established a 10-year highway construction and reconstruction plan for the Turnpike System to be funded from Turnpike revenues. This legislation also authorized the Treasurer with the approval of the Governor and Executive Council to issue up to $766.0 million of bonds to support this project. The State has issued $715.8 million of revenue bonds for these projects.

Advance Refunding: The following is a summary of general obligation bonds and revenue bonds defeased by the primary government. The proceeds from each advance refunding issue were placed in an irrevocable trust to provide for all future debt service payments on the old bonds.

Accordingly, the trust account assets and the liability for the defeased bonds are not included in the State's financial statements (expressed in millions):

Date of Advance Refunding	Amount Outstanding at June 30, 2016
Governmental Fund Types (General Obligation Bonds):	
April 8, 2010	$89,575
December 10, 2014	$60,640
Subtotal	$150,215

Bond/Note Issuances:

Effective July 1, 2014, Chapter 17 of the Laws of 2014 and as amended by Chapter 276:210 and 276:211, Laws of 2015, authorized the use of a 4.2 cent increase in motor vehicle fuel fees (referred to as a 'road toll' in New Hampshire laws) to fund $200 million in general obligation bonds or revenue bonds, or both, to complete the I-93 Salem to Manchester widening project. Subsequent legislation specifically authorized a Federal

Transportation Infrastructure Finance and Innovation Act (TIFIA) loan as an alternative to a traditional general obligation bond issue including, without limitation, a pledge of the revenue collected from adjustments under RSA 260:32-a for rates that exceed $0.18 per gallon less required distributions under RSA 235:23, I, on said revenues.

The State, through the State Treasurer and the NH Department of Transportation (Department) was approved for a TIFIA loan in May of 2016. The TIFIA loan resulted in $200 million of funding at a favorable 1.09% interest rate that will allow the Department to perform additional bridge repair and pavement maintenance and completion of the I-93 project within the time frame of the law. This increase under Chapter 17 of the Laws of 2014, as amended, will expire once all debt service payments for the I-93 project have been made or 20 years after the initial issuance of such bonds, whichever is earlier. As of June 30, 2016, $9.7 million of TIFIA proceeds had been received under this arrangement, representing a long-term note payable. The TIFIA obligation is payable on an interest-only basis initially, with principal payments beginning in 2025.

The State issued no general obligation bonds during fiscal year 2016.

Changes in Long-Term Liabilities: The following is a summary of the changes in the long-term liabilities as reported by the primary government during the fiscal year (expressed in thousands):

Governmental Activities	Beginning Balance	Accretion	Increases	Decreases	Ending Balance	Current	Long-Term
General Obligation Bonds Payable	$961,834	$199		$99,146	$862,887	$83,262	$779,625
Federal Highway Grant Anticipation Bonds	166,361			13,893	152,468	12,390	140,078
Notes Payable			$9,685		9,685		9,685
Compensated Absences	86,888		1,164		88,052	17,610	70,442
Claims Payable	46,240		269,656	268,830	47,066	27,253	19,813
Net Pension Liability	736,499		58,846		795,345		795,345
Other Postemployment Benefits	961,817		195,945	88,739	1,069,023		1,069,023
Pollution Remediation Obligation	49,898		1,591	2,389	49,100	1,001	48,099
Capital Lease	1,597		348		1,945	579	1,366
Advance Construction Commitments	1,348			761	587	587	
Legal & Other Settlement Contingency	3,100			3,100			
Total Governmental	3,015,582	199	537,235	476,858	3,076,158	142,682	2,933,476
Business-Type Activities							
Turnpike System							
Revenue Bonds	454,285			22,303	431,982	27,855	404,127
Note Payable	414			414			
Pollution Remediation Obligation	4,356		171	1,638	2,889	321	2,568
Claims & Compensated Absences Payable	2,695		170	629	2,236	293	1,943
Net Pension Liability	9,369		731		10,100		10,100
Total	471,119		1,072	24,984	447,207	28,469	418,738
Liquor Commission							
General Obligation Bonds Payable	15,836			1,056	14,780	1,056	13,724
Capital Lease	379			26	353	44	309
Claims & Compensated Absences Payable	4,124		1,275	597	4,802	905	3,897
Net Pension Liability	18,641		1,500		20,141		20,141
Total	38,980		2,775	1,679	40,076	2,005	38,071
Lottery Commission							
Claims & Compensated Absences Payable	615		417	411	621	125	496
Net Pension Liability	3,400		275		3,675		3,675
Total	4,015		692	411	4,296	125	4,171
State Revolving Fund Programs							
General Obligation Bonds Payable	14,410			2,275	12,135	2,275	9,860
Claims & Compensated Absences Payable	1,170			319	851	170	681
Net Pension Liability	4,435		370		4,805		4,805
Total	20,015		370	2,594	17,791	2,445	15,346
Total Business-Type	$534,129		$4,909	$29,668	$509,370	$33,044	$476,326

The General Fund and Highway Fund are primarily responsible for financing governmental activities long-term liabilities other than debt.

Bond Anticipation Notes: As of June 30, 2016, the State had no bond anticipation notes outstanding.

Capital Appreciation Bonds: Six of the State's general obligation capital improvement bonds issued since November 1991 represent capital appreciation bonds (College Savings Bond Program) with interest being accrued and compounded semiannually. The initial four issues in this group have matured leaving only two capital appreciation bonds outstanding. At June 30, 2016, the cumulative interest accretion since issuance for all six capital appreciation bonds is approximately $157.9 million. The interest is not paid until the bonds mature, at which time the expenditure will be recorded.

Pollution Remediation Obligations: Under the federal Superfund law, the State is responsible for sharing remediation costs at sites where the U.S. Environmental Protection Agency expends superfund trust monies for cleanup. Currently there are six sites in various stages of cleanup, from initial assessment to cleanup activities. In addition, the State has other sites for which it is responsible for cleanup and monitoring, including underground fuel storage facilities. Per GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, pollution liabilities of $49.1 million and $2.8 million were reported for governmental activities and business-type activities, respectively, at June 30, 2016. These liabilities were measured using the actual contract cost, where no changes in cost are expected, or a method that is materially close to the expected cash flow technique. Liability estimates are subject to change due to price increases or reductions, technology, or changes in applicable laws or regulations governing the remediation efforts. The State does not anticipate recovering reimbursements from the parties who caused the pollution.

Debt Maturity: All bonds issued by the State, except for Turnpike revenue bonds as well as Federal Highway Grant Anticipation Bonds and TIFIA note payable, are general obligation bonds, which are backed by the full faith and credit of the State. Interest rates on these issues range from 2.0% to 7.2%. Debt service payments on "self supporting" debt are funded by reimbursements from component units for debt issued by the State on their behalf and through user fees and other revenues statutorily earmarked to fund debt service payments on specific projects. The anticipated source of repayment and annual maturities including expected federal interest subsidies described earlier are as follows (expressed in thousands):

	SOURCE OF PRINCIPAL PAYMENTS								DEBT SERVICE			
	Governmental Activities					Business-Type Activities			TOTAL ALL FUNDS			
Payable June 30,	General Fund	Highway Fund	Federal Highway (GARVEE)	Self Supporting	Total	Liquor Commission General Obligations	SRF Funds General Obligations	Turnpike System Revenue	Principal	Interest	Less: Federal Interest Subsidy	Net Total
2017	63,642	8,648	12,390	10,972	**95,652**	1,056	2,275	27,855	126,838	62,861	6,340	**183,359**
2018	62,728	9,406	12,985	10,563	**95,682**	1,056	2,275	17,890	116,903	57,116	6,307	**167,712**
2019	63,921	7,520	13,620	10,717	**95,778**	1,056	1,520	27,110	125,464	51,244	6,199	**170,509**
2020	60,708	7,162	14,300	10,389	**92,559**	1,056	1,520	30,040	125,175	45,395	6,089	**164,481**
2021	52,889	6,576	15,000	7,221	**81,686**	1,056	1,515	24,145	108,402	39,639	5,949	**142,092**
2022-2026	184,771	27,198	75,800	30,217	**317,986**	4,413	3,030	91,665	417,094	131,568	22,890	**525,772**
2027-2031	92,553	9,136		20,614	**122,303**	3,609		62,990	188,902	59,375	10,589	**237,688**
2032-2036	27,242	1,200		157	**28,599**	1,478		56,205	86,282	27,191	5,137	**108,336**
2037-2041								58,510	58,510	9,131	1,366	**66,275**
2042-2043								12,300	12,300	497		**12,797**
Subtotal	**$608,454**	**$76,846**	**$144,095**	**$100,850**	**$930,245**	**$14,780**	**$12,135**	**$408,710**	**$1,365,870**	**$484,017**	**$70,866**	**$1,779,021**
Unamortized (Discount) / Premium	76,749	(8)	8,373	(4)	85,110			23,272	108,382			**108,382**
Total	**$685,203**	**$76,838**	**$152,468**	**$100,846**	**$1,015,355**	**$14,780**	**$12,135**	**$431,982**	**$1,474,252**	**$484,017**	**$70,866**	**$1,887,403**

Revenue Bond Resolutions: Turnpike System revenue bonds are secured by a pledge of substantially all Turnpike System revenues and monies deposited into accounts created by the bond resolutions, subject only to the payment of operating expenses.

The bond resolutions require the Turnpike System to establish and collect tolls which are adequate at all times, when combined with other available sources of revenues, to provide for the proper operation and maintenance of the Turnpike System and for the timely payment of the principal and interest on all bonds, notes, or other evidences of indebtedness. The resolutions further require the Turnpike System to collect sufficient tolls so that in each fiscal year net revenues as defined by the resolutions will be at least equal to the greater of: (a) 120% of current year debt service on the revenue bonds, or (b) 100% of current year debt service on the revenue bonds and on all general obligation or other bonds, notes or other indebtedness, and the additional amount, if any, required to be paid from the revenue bond general reserve account to satisfy the Renewal & Replacement (R&R) requirement for the fiscal year.

The resolutions further require the Turnpike System to request payment from the Revenue Bond Construction Account and an Authorized Officer shall sign a written order and file the request with the State Treasurer.

The Turnpike System is required to review the adequacy of its tolls after each fiscal year. If this review indicates that the tolls and charges are, or will be, insufficient to meet the requirements described above, then the Independent Engineer of the Turnpike System will make a study and recommend a schedule of tolls and charges which will provide revenues sufficient to comply with the requirements described above. For fiscal year 2016, the toll rate schedule was deemed to be sufficient to meet all required payments in connection with the Turnpike System, and as such, no Independent Engineer's study was necessary.

The resolutions establish an R&R requirement with respect to each fiscal year. R&R costs consist of rehabilitation, renewals, replacements, and extraordinary repairs necessary for the sound operation of the Turnpike System or to prevent loss of revenues, but not costs associated with new construction, additions or extensions. Total R&R costs for fiscal year 2016 were $7.9 million, of which $7.5 million were recorded as current year expenses and $0.4 million were capitalized.

Management believes the Turnpike System has complied with all of its material financial bond covenants as set forth in the resolutions.

MAJOR COMPONENT UNIT

Changes in Long-Term Liabilities: The University System of New Hampshire's long-term liabilities include: Revenue Bonds Payable of $508.3 million; capital lease obligations of $10.7 million; deferred obligations interest swaps of $36.8 million; accrued employee benefits and compensated absences of $48.9 million; other postemployment benefits of $55.7 million; and other liabilities of $18.8 million (expressed in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance	Current	Long-Term
University System of NH	$647,648	$90,708	$59,145	$679,211	$39,237	$639,974

Debt Maturity: The table below is a summary of the annual principal payments and total debt service relating to the debt of the University System of New Hampshire and includes revenue bonds and capital leases (expressed in thousands):

	UNIVERSITY SYSTEM OF N.H.		
Payable June 30,	Principal	Interest	Total
2017	16,216	20,232	36,448
2018	18,602	20,668	39,270
2019	66,499	19,883	86,382
2020	20,553	16,627	37,180
2021	50,579	15,985	66,564
2022-2026	130,435	55,855	186,290
2027-2031	69,110	34,640	103,750
2032-2036	67,815	20,256	88,071
2037-2041	25,730	9,785	35,515
2042-2046	28,065	4,157	32,222
2047	1,695	53	1,748
Subtotal	495,299	218,141	713,440
Unamortized Discounts/Premium, net	23,700		23,700
Total	$518,999	$218,141	$737,140

6. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

The components of deferred outflows and inflows of resources in the government-wide financial statements related to the primary government at June 30, 2016 are as follows (expressed in thousands):

	Governmental Activities	Business-Type Activities	Primary Government
Deferred outflows of resources:			
Pension related amounts	$87,256	$4,316	$91,572
Loss on refunding of debt, net	14,383	1,811	16,194
Total deferred outflows of resources	$101,639	$6,127	$107,766
Deferred inflows of resources:			
Pension related amounts	$46,666	$2,387	$49,053
Total deferred inflows of resources	$46,666	$2,387	$49,053

The components of deferred inflows of resources related to the governmental funds at June 30, 2016 are as follows (expressed in thousands):

	General	Highway	Education	Total Governmental Funds
Deferred inflows of resources:				
Taxes considered unavailable	$95,165		$57,300	$152,465
Local assistance	10,358			10,358
Other loans	2,239			2,239
Indigent representation advances	4,082			4,082
Banking assessments	1,700			1,700
Miscellaneous fees & fines	587	$1,345		1,932
Total deferred inflows of resources	$114,131	$1,345	$57,300	$172,776

MAJOR COMPONENT UNIT

The University System of New Hampshire's deferred outflows of resources are as follows (expressed in thousands):

Accumulated decrease in fair value of hedging derivatives	$36,769
Loss on debt refinancings	5,904
Total deferred outflows of resources	$42,673

7. RISK MANAGEMENT AND INSURANCE

The State is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health benefits; and natural disasters.

Principle of Self-insurance

As a general operating rule, the State self-insures against all damages, losses and expenses except to the extent that provisions of law require the purchase of commercial insurance or a risk assessment has indicated that commercial insurance is economical and beneficial for the State or the general public. In such instances, the State may elect to purchase commercial insurance. There are approximately 23 such commercial insurance programs in effect. These include, but are not exclusive to, state owned real property insurance, fleet automobile liability, inland marine insurance, foster parent liability, ski area liability for Cannon Mountain, and a fidelity and faithful performance bond. In general, claims settled in the past three years under the insurance programs have not exceeded commercial insurance coverage; however, one fleet claim was settled in excess of policy limits during fiscal year 2016 and one currently outstanding claim has the potential to exceed the fleet policy coverage. We are unable to determine if an unfavorable outcome is likely or not, or the amount or range of loss if an unfavorable outcome occurs; however, the State's exposure per claimant is limited by law to a total of $475 thousand pursuant to RSA 541-B:14 and the State's current fleet policy coverage is $250 thousand per claimant.

Employee and Retiree Health Benefits

During fiscal year 2004, the State established an Employee Benefit Risk Management Fund, an internal service fund, to account for its uninsured risks of loss related to employee and retiree health benefits. Currently, the State retains all of the risk associated with these benefits, and utilizes an actuarially-established IBNR (incurred but not reported) claims reserve, which totaled $14.6 million as of June 30, 2016. In addition, state law requires the Fund to maintain a reserve in the amount of at least 3% of estimated annual claims and administrative costs, for unexpected costs. For fiscal year 2016, this reserve equaled $17.4 million for the Fund. The State maintains a reserve for four plans in the Fund: Actives, Troopers, Retirees, and Dental. For fiscal year 2016 the Fund maintained a reserve of 100% of the estimated annual claims and administrative expenses for the Trooper health plan account due to its small member size (approximately 900 members). The Trooper reserve equaled $3.8 million for fiscal year 2016. The Active and Retiree Plan accounts maintained a reserve of 5% of the estimated annual claims and administrative expenses and the Dental Plan account maintained a reserve of 3% of the estimated annual claims and administrative expenses. The Active, Retiree, and Dental reserves equaled $9.2 million, $4.1 million, and $0.3 million, respectively. Health and Dental Plan Rates are established annually, by actuaries, based on an analysis of past claims, state and other medical trend, and annual projected plan claims and administrative expenses. The process used in estimating claim liabilities may not result in an exact payout amount due to variables such as medical inflation, or changes in law, enrollment or plan design.

Workers' Compensation

Since February 2003, the State has been self-insured for its workers' compensation exposures, retaining all of the risk associated with workers' compensation claims. The State utilizes an actuarial study that provides an annual estimate of the outstanding liabilities for the prior years' claims. The study also contains assumptions about loss development patterns, trends, and other claim projections based upon the State's historical loss experience. According to the fiscal year 16 actuarial study, the Estimated Workers' Compensation Unpaid Loss and Allocated Loss Adjustment Expense (ALAE), which comprises past claims, claim trends, and future estimated loss experience, is $29.5 million as of June 30, 2016.

The following table presents the changes in claim liabilities during the fiscal years ending June 30, 2015 and 2016 (expressed in thousands):

Governmental Activities	6/30/2014 Balance	Increases	Decreases	6/30/2015 Balance	Increases	Decreases	6/30/2016 Balance	Current	Long-Term
Workers Compensation Claims Payable	$21,859	$7,206	$5,986	$23,079	$9,541	$6,747	$25,873	$6,060	$19,813
Health Claims Payable*	19,676	255,727	252,242	23,161	260,878	262,846	21,193	21,193	
Total	41,535	262,933	258,228	46,240	270,419	269,593	47,066	27,253	19,813
Business-Type Activities									
Turnpike System									
Workers Compensation Claims Payable	1,942		308	1,634		619	1,015	49	966
Total	1,942		308	1,634		619	1,015	49	966
Liquor Commission									
Workers Compensation Claims Payable	2,411	172	444	2,139	1,027	526	2,640	473	2,167
Total	2,411	172	444	2,139	1,027	526	2,640	473	2,167
Lottery Commission									
Workers Compensation Claims Payable	27		2	25		24	1	1	
Total	27		2	25		24	1	1	
Total Business-Type	$4,380	$172	$754	$3,798	$1,027	$1,169	$3,656	$523	$3,133
* Health Claims Payable is recorded in the Internal Service Fund									

8. INTERFUND RECEIVABLES AND PAYABLES

Due From or To Other Funds for the primary government on the fund financial statements represent amounts resulting from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made, and consist of the following as of June 30, 2016 (expressed in thousands):

RECEIVABLES / DUE FROM	AMOUNT	PAYABLES / DUE TO	AMOUNT
Highway Fund	$227	Turnpike System	$227
Education Fund	222	Lottery Commission	222
General Fund	11,920	Education Fund	11,920
General Fund	3,103	Unemployment Compensation	3,103
General Fund	15	Turnpike System	15
General Fund	8,130	Liquor Commission	8,130
Non-Major Fund	2,983	Liquor Commission	2,983
Non-Major Fund	1,485	State Revolving Fund	1,485
Turnpike System	515	Highway Fund	515
Turnpike System	94	Liquor Commission	94
Lottery Commission	511	Liquor Commission	511
Total	$29,205	Total	$29,205

The net due from or to other funds for the primary government has been reported as "internal balances" in the government-wide financial statements. The governmental activities receivable of $15.7 million from business-type activities represents the "internal balances" amount on the statement of net position. The $12.4 million between governmental funds, and the $1.1 million between enterprise funds has been eliminated on the government-wide financial statements.

9. INTERFUND TRANSFERS

Interfund transfers during the current fiscal year were as follows (expressed in thousands):

	Transferred To				
Transferred From	General Fund	Education Fund	Non-Major Funds		Total Governmental Funds
Governmental Funds					
General Fund		$28,052	$687		$28,739
Highway Fund	$776		1,479		2,255
Total Governmental Funds	* 776	* 28,052	* 2,166	*	30,994
Proprietary - Enterprise Funds					
Liquor Commission	155,853				155,853
Lottery Commission		79,185			79,185
Total Proprietary - Enterprise Funds	$155,853	$79,185			$235,038

* These amounts have been eliminated within governmental activities on the government-wide financial statements

The following transfers represent sources of funding identified through the State's operating budget:

- Transfer of Lottery Commission profits of $79.2 million to fund education
- Transfer of Liquor Commission profits of $152.7 million to general fund for government operations and $3.2 million to general fund pursuant to RSA 176:16, III for the Alcohol Abuse Prevention and Treatment Fund.
- $28.1 million transfer from the general fund to eliminate education fund deficit

Pursuant to RSA 260:61, $0.6 million transfer from Highway Fund to Fish and Game Fund for the Bureau of Off Highway Recreational Vehicle (BOHRV) Grant.

Pursuant to RSA 260:60, $1.5 million of unrefunded gas tax in the Highway Fund was transferred on a 50/50 basis to the General Fund and Fish & Game Fund.

10. CONTRACTUAL COMMITMENTS

Contractual Commitments: The State Department of Transportation has estimated its share of contractual obligations for construction contracts to be $64.3 million at June 30, 2016. This represents total obligations of $139.6 million less $75.3 million in estimated federal aid.

Encumbrances: Encumbrances by fund for the State at June 30, 2016, excluding contractual commitments noted above, were as follows:

Expressed in Millions	
General Fund	$185.5
Highway Fund	21.6
Non-Major Governmental Funds	105.5
	$312.6

11. EMPLOYEE BENEFIT PLANS

NEW HAMPSHIRE RETIREMENT SYSTEM

Plan Description: The New Hampshire Retirement System is the administrator of a cost-sharing multiple-employer Public Employee Retirement System ("NHRS") established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401 (a) and 501 (a) of the Internal Revenue Code. NHRS is a contributory defined-benefit plan providing service, disability, death, and vested retirement benefits to members and beneficiaries. NHRS covers substantially all full-time State employees, public school teachers and administrators, permanent firefighters, and police officers within the State of New Hampshire. Full-time employees of political subdivisions, including counties, municipalities, and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation. NHRS is divided into two membership groups. Group I consists of State and local employees and teachers. Group II consists of firefighters and police officers. All assets are in a single trust and are available to pay retirement benefits to its members and beneficiaries.

Group I members at age 60 (age 65 for members beginning service on or after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final compensation (AFC). The yearly pension amount is 1/60 (1.667%) of average final compensation multiplied by years of creditable service (1/66 of AFC times creditable service for members beginning service on or after July 1, 2011). AFC is defined as the average of the three highest salary years for members vested as of January 1, 2012 and five years for members not vested as of January 1, 2012. At age 65, the yearly pension amount is recalculated at 1/66 (1.515%) of AFC multiplied by years of creditable service.

Members in service with 10 or more years creditable service who are between age 50 and 60 or members in service with at least 20 or more years of service, whose combination of age and service is 70 or more, are entitled to a retirement allowance with appropriate graduated reduction based on years of creditable service.

Group II members who are age 60, or members who are at least age 45 with a minimum of 20 years of creditable service (age 50 with a minimum of 25 years of creditable service or age 60 for members beginning service on or after July 1, 2011) can receive a retirement allowance at a rate of 2.5% of AFC for each year of service not to exceed 40 years (2% of AFC times creditable service up to 42.5 years for members beginning service on or after July 1, 2011). A member who began service on or after July 1, 2011 shall not receive a service retirement allowance until attaining age 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service. However, the allowance will be reduced by ¼ of one percent for each month prior to age 52.5 that the member receives the allowance.

Group II members hired prior to July 1, 2011 who have non-vested status as of January 1, 2012 are subject to graduated transition provisions for years of service required for regular service retirement, the minimum age for service retirement, and the multiplier used to calculate the retirement annuity, which shall be applicable on January 1, 2012.

Members of both groups may qualify for vested deferred allowances, disability allowances, and death benefit allowances subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation, service, or both.

Pursuant to RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b, NHRS also provides a postretirement medical premium subsidy for Group I employees and teachers and Group II police officers and firefighters.

NHRS issues publicly available financial reports that can be obtained by writing to them at 54 Regional Drive, Concord, NH 03301-8507 or from their web site at http://www.nhrs.org

Funding Policy: NHRS is financed by contributions from the members, the State and local employers, and investment earnings. By statute, Group I members contributed 7.0% of gross earnings. Group II firefighter members contributed 11.80% of gross earnings and group II police officers contributed 11.55% of gross earnings. Employer contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the NHRS actuary using the entry age normal funding method and are expressed as a percentage of gross payroll. The State contributed 12.50% of gross payroll for Group I members, 29.16% of gross payroll for Group II firefighter members, and 26.38% of gross payroll for Group II police officer members.

The State's required and actual contributions for the year ended June 30, 2016 were $81.5 million, which included an amount for other post employment benefits of $11.8 million.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

As of June 30, 2016, the State reported a liability of $794.9 million for its proportionate share of the net pension liability of NHRS. This net pension liability is measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, with update procedures used to roll the total pension liability forward to June 30, 2015. The State's proportion of the net pension liability was based on the State's share of contributions to NHRS relative to the contributions of all participating employers, actuarially determined. As of the measurement date, the State's proportion was 20.07%, which was an increase of 47 basis points from its proportion measured as of the previous measurement date. For the year ended June 30, 2016, the State recognized total pension expense of $52.1 million. NHRS has adopted changes to certain economic and demographic assumptions since the measurement date of June 30, 2015. These changes resulted in an approximate 7% increase in the system-wide net pension liability measured as of June 30, 2016.

As of June 30, 2016, the State reported deferred outflows and inflows of resources on its government-wide financial statements related to pensions in the primary government of $85.6 million and $49.1 million, respectively, from the following sources:

(in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments		$21,245
Differences between expected and actual experience		17,444
Changes in employer proportion	$15,930	10,364
Contributions subsequent to the measurement date	69,700	
Total	$85,630	$49,053

Amounts reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Amount (in thousands)
2017	$(14,551)
2018	(14,551)
2019	(14,551)
2020	10,669
2021	(139)
	$(33,123)

Actuarial Assumptions: NHRS total pension liability, measured as of June 30, 2015, was determined by a roll forward of the actuarial valuation as of June 30, 2014, for which the following actuarial assumptions were used:

Inflation	3.0%
Salary increases	3.75-5.8% average, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 mortality table, projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for women for mortality improvements.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2005 - June 30, 2010.

Long-Term Rates of Return: The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and long-term rates of return for 2015:

Asset Class	Target Allocation	Weighted average long-term expected geometric real rate of return: 2015
Large Cap Equities	22.50%	3.00%
Small/Mid Cap Equities	7.50%	3.00%
Total domestic equity	30.00%	
International Equities (unhedged)	13.00%	4.00%
Emerging International Equities	7.00%	6.00%
Total international equity	20.00%	
Core Bonds	4.50%	(0.70%)
Short Duration	2.50%	(1.00%)
Global Multi-Sector Fixed Income	11.00%	0.28%
Unconstrained Fixed Income	7.00%	0.16%
Total fixed income	25.00%	
Private equity	5.00%	5.50%
Private debt	5.00%	4.50%
Real estate	10.00%	3.50%
Opportunistic	5.00%	2.75%
Total alternative investments	25.00%	
Total	100.00%	

Discount Rate: The discount rate used to measure the collective total pension liability was 7.75%, the same rate used for the prior year measurement of total pension liability. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are determined based on the expected payroll of current members only. Employer contributions are determined based on NHRS's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, NHRS's fiduciary net position was projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

The following table illustrates the sensitivity of the State's proportionate share of NHRS's net pension liability to changes in the discount rate. In particular, the table presents the State's proportionate share of NHRS's net pension liability measured at June 30, 2015 assuming it was calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the single discount rate (in millions):

1% Decrease to 6.75%	Current single rate assumption 7.75%	1% Increase to 8.75%
$1,046.4	$794.9	$580.5

Pension Allocations: The Statewide amounts for net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense detailed above were allocated among governmental and business-type activities based on each reporting unit's share of the Statewide employer contribution to NHRS. Pension-related amounts for each reporting unit are as follows (expressed in thousands):

	Governmental Activities	Turnpike System	Liquor Commission	Lottery Commission	State Revolving Fund	Business-type Activities	Primary Government
Proportionate share of Statewide amount	95.13%	1.24%	2.54%	0.46%	0.63%	4.87%	100.00%
Net pension liability	$756,212	$10,100	$20,141	$3,675	$4,805	$38,721	$794,933
Pension expense	49,582	607	1,329	246	351	2,533	$52,115
Deferred outflows of resources representing contributions subsequent to the measurement date	66,160	930	1,850	330	430	3,540	69,700
Deferred outflows of resources representing the changes in employer proportion	15,154	197	405	74	100	776	15,930
Deferred inflows of resources representing the differences between expected and actual experience	16,595	216	443	81	109	849	17,444
Deferred inflows of resources representing the net difference between projected and actual earnings on pension plan investments	20,211	263	539	99	133	1,034	21,245
Deferred inflows of resources representing the changes in employer proportion	9,860	128	263	48	65	504	10,364
Amortization of deferred amounts:							
2017	(13,843)	(180)	(370)	(67)	(91)	(708)	(14,551)
2018	(13,843)	(180)	(370)	(67)	(91)	(708)	(14,551)
2019	(13,843)	(180)	(370)	(67)	(91)	(708)	(14,551)
2020	10,150	132	272	48	67	519	10,669
2021	(133)	(2)	(2)	(1)	(1)	(6)	(139)
Total	(31,512)	(410)	(840)	(154)	(207)	(1,611)	(33,123)
Sensitivity analysis:							
Net pension liability at 6.75% discount rate	995,537	12,956	26,573	4,814	6,546	50,889	1,046,426
Net pension liability at 8.75% discount rate	552,302	7,188	14,742	2,670	3,632	28,232	580,534

JUDICIAL RETIREMENT PLAN

Plan Description: The New Hampshire Judicial Retirement Plan (NHJRP), a single-employer plan, was established on January 1, 2005 pursuant to RSA 100-C:2 and is intended for all time to meet the requirements of a qualified pension trust within the meaning of section 401(a) and to qualify as a governmental plan within the meaning of section 414(d) of the United States Internal Revenue Code. NHJRP is a defined benefit plan providing disability, death, and retirement protection for full-time supreme court, superior court, district court or probate court judges employed within the State. Information and financial reports of the New Hampshire Judicial Retirement Plan can be obtained by writing to them at 54 Regional Drive, Concord, NH 03301, or from the State's website at http://www.nh.gov.

Members covered by benefit terms: As of December 31, 2015, the following members were covered by the benefit terms:

Inactive members or beneficiaries currently receiving benefits	62
Inactive members entitled to but not yet receiving benefits	1
Active or vested members	56
	119

The NHJRP is administered by an appointed Board of Trustees (Board), separate from the New Hampshire Retirement System. The Board consists of 7 members, 2 of which are appointed by the Governor and Council and 1 of whom the Governor shall designate to serve as chairman of the Board of Trustees, and who shall be qualified persons with business experience and not members of NHJRP. The Chief Justice of the state supreme court shall appoint 3 trustees, at least 2 of whom shall be active members of NHJRP and one of whom may be a retired member of NHJRP. One member of the state senate and one member of the house of representatives shall be appointed biennially. Certain daily administrative functions of NHJRP have been delegated by the Board to the New Hampshire Retirement System such as retirement request processing, member record maintenance and serving as the NHJRP's information center. The NHJRP has one employee. All employer and member contributions are deposited into separate trust funds that are managed and controlled by the Board of Trustees of the NHJRP.

Any member of the NHJRP who has at least 10 years of creditable service and who is at least 65 years old is entitled to retirement benefits equal to 75% of the member's final year's salary. Any member who has at least 7 years of creditable service and who is at least 70 years old is entitled to retirement benefits equal to 45% of the member's final year's salary. A member who is at least 70 years old shall be granted an additional 10% over the 45% level for each year of creditable service that a member has over 7 years. A member who is at least 60 years old with at least 15 years of creditable service is entitled to 70% of the member's final year's salary, plus an additional 1% for each year of additional service in excess of 15 years. However, under no circumstances shall any retirement benefit exceed 75% of the member's final year's salary. For purposes of determining the above benefit, the member's final salary is equal to compensation earned in the prior 12-month period in which the employee was a member of the plan.

Funding Policy: The NHJRP is financed by contributions from the members and the State. Pursuant to Chapter 311, Laws of 2003, on January 19, 2005, the State issued $42.8 million of general obligation bonds in order to fund the NHJRP's initial unfunded accrued liability. All eligible judges are required to contribute 10% of their salaries to the NHJRP until they become eligible for a service retirement equal to 75% of their final year's salary. The State was required to and contributed 41% of the members' salary through June 30, 2013. Effective July 1, 2013 the State was required to and contributed 64.5% of the member's salary. For the year ended June 30, 2016, State contributions to the NHJRP totaled $5.3 million.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of June 30, 2016, the State reported a net pension liability of $39.1 million for the NHJRP. The NHJRP's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014, and was then projected forward to the measurement date. Changes in the components of net pension liability for the measurement period ended December 31, 2015 are as follows (in thousands):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of December 31, 2014	$83,398	$46,923	$36,475
Changes for the year:			
Service cost	2,693		2,693
Interest on total pension liability	5,642		5,642
Benefit payments	(5,694)	(5,694)	
Employer contributions		5,470	(5,470)
Member contributions		664	(664)
Net investment income		(249)	249
Administrative expenses		(208)	208
Balances as of December 31, 2015	$86,039	$46,906	$39,133

For the year ended June 30, 2016, the State recognized pension expense of $5.4 million for the NHJRP. As of June 30, 2016, the State reported deferred outflows of resources on its government-wide financial statements related to the NHJRP of $5.9 million from the following sources (in thousands):

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	$3,012
Contributions subsequent to the measurement date	2,930
Total	$5,942

Amounts reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Amount (in thousands)
2017	$770
2018	770
2019	771
2020	701
	$3,012

Actuarial Assumptions: The total pension liability in the January 1, 2014 actuarial valuation, which was projected forward to the measurement date of December 31, 2015, was determined using the following actuarial assumptions:

Inflation	2.75%
Salary increases	2.25% as of July 1, 2014; 2.25% as of January 1, 2015; 3.00% per year thereafter, including inflation
Investment rate of return	7.00%

Mortality rates were based on the 1994 Group Annuity mortality table. Disabled Mortality rates were based on 80% of PBGC Disabled Mortality for men and 60% of PBGC Disabled Mortality for women.

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2005 - June 30, 2010.

Long-Term Rates of Return: The long-term expected rate of return on NHJRP investments was selected from a best estimate range determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Following is a table presenting target allocations and long-term rates of return for 2015:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Cash	0.70%	0.49%
Core Fixed Income	16.10%	1.85%
Inflation-Indexed Bonds	5.30%	0.98%
Large Cap US Equities	34.60%	4.15%
Small Cap US Equities	4.60%	4.39%
Developed Foreign Equities	15.80%	4.15%
Hedge Funds / Absolute Return	22.90%	2.68%
Assumed Inflation - Mean		2.75%
Assumed Inflation - Standard Deviation		2.00%
Portfolio Real Mean Return		3.77%
Portfolio Nominal Mean Return		6.52%
Portfolio Standard Deviation		11.49%
Long-Term Expected Rate of Return		**7.00%**

Discount Rate: The discount rate used to measure the collective total pension liability was 7.00%, the same rate used for the prior year measurement of total pension liability. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the NHJRP's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table illustrates the sensitivity of the NHJRP's net pension liability to changes in the discount rate. In particular, the table presents the net pension liability of NHJRP, calculated using the discount rate of 7.00%, as well as what the NHJRP's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate (expressed in thousands):

	1% Decrease	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
Net pension liability	44,217	39,133	30,737

OTHER POSTEMPLOYMENT BENEFITS

In addition to providing pension benefits, RSA 21-I:30 specifies that the State provide certain health care benefits for retired employees and their spouses. These benefits include group hospitalization, hospital medical care, surgical care and other medical care. Substantially all of the State's employees who were hired on or before June 30, 2003 and have 10 years of service, may become eligible for these benefits if they reach normal retirement age while working for the State and receive their pensions on a periodic basis rather than a lump sum. During fiscal year 2004, legislation was passed that requires State Group I employees hired on or after July 1, 2003 to have 20 years of state service in order to qualify for health benefits. During fiscal year 2011, legislation was passed that requires Group II employees to have 20 years of State service to qualify for retiree health benefits. Additionally, during fiscal year 2012, legislation was passed requiring Group I employees hired after July 1, 2011 to have 25 years of state service and increased the normal retirement age for Group I and Group II employees hired after July 1, 2011. These and similar benefits for active employees and retirees are authorized by RSA 21-I:30 and provided through the Employee and Retiree Benefit Risk Management Fund, a single-employer group health plan (Plan), which is the state's self-insurance internal service fund implemented in October 2003 for active state employees and retirees. The Plan funds the cost of medical and prescription drug claims by charging actuarially developed working rates to State agencies for participating employees, retirees and eligible spouses. An additional major source of funding for retiree benefits is from the New Hampshire Retirement System's medical premium subsidy program for Group I and Group II employees, which totaled approximately $12.8 million, $13.1 million and $12.3 million, respectively, for the fiscal years ended June 30, 2016, 2015 and 2014. The medical subsidy component of contributions made by the State to NHRS amounted to $11.0 million in fiscal years 2016 and 2015, and $10.4 million in fiscal year 2014.

GASB Statement 45 requires that the long-term cost of retirement health care and obligations for other postemployment benefits (OPEB) be determined on an actuarial basis and reported similar to pension plans. GASB Statement 45 does not mandate the pre-funding of postemployment benefit liabilities. However, any pre-funding of these benefits will help minimize or eliminate the postemployment benefit obligation and will be required to be reported in the financial statements.

The State Legislature currently plans to only partially fund (on a pay-as-you-go basis) the annual required contribution (ARC), an actuarially determined rate in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB plan for fiscal year 2016 (dollar amounts in thousands):

Annual Required Contribution	$152,663
Interest on net OPEB obligation	43,282
Adjustment to annual required contribution	(35,521)
Annual OPEB cost	160,424
Contributions made (pay-as-you-go)	(53,218)
Increase in Net OPEB Obligation	107,206
Net OPEB Obligation - Beginning of Year	961,817
Net OPEB Obligation - End of Year	**$1,069,023**

The State's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2016, 2015 and 2014 were as follows (expressed in thousands):

Fiscal Year Ended	Annual OPEB Cost	Actual Contributions (pay-as-you-go)	Percentage Contributed	Net OPEB Obligation
06/30/16	$160,424	$53,218	33.17%	$1,069,023
06/30/15	$155,048	$51,600	33.28%	$961,817
06/30/14	$145,317	$52,647	36.23%	$858,369

As of December 31, 2014, the date of the most recent actuarial valuation, the actuarial accrued liability (AAL) for benefits was $2,138 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $2,138 million. The covered payroll (annual payroll of active employees covered by the plan) was $563.3 million during fiscal year 2015 and the ratio of the UAAL to the covered payroll was 379 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, is designed to present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2014 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.5% investment rate of return, a 3.75% inflation rate and projected salary increases of 3.75% per annum. The projected medical cost trend rate for under age 65 retirees is 5%. The projected medical cost trend rate for age 65 and over retirees is 5%. The drug cost trend rate is 11% initially, decreasing at 0.5% for 12 years to an ultimate level of 5%. The UAAL is being amortized using level percent of pay, open amortization method. The remaining amortization period at December 31, 2014, was thirty years.

12. CONTINGENT AND LIMITED LIABILITIES

PRIMARY GOVERNMENT

Nonexchange Financial Guarantees: The State of New Hampshire extends nonexchange financial guarantees to municipalities, political subdivisions, and certain Authorities indefinitely within certain statutory limits. Guarantees may include, but not be limited to, bonds sold by municipalities and school districts, first mortgages on industrial and recreational property, as well as airport and development projects. Arrangements for the State to recover payments is described in the enabling statutes or in agreements authorized by the Governor and Executive Council. Based on the review of qualitative factors and available historical data relative to the financial position of guaranteed entities, the State determined that it is less than likely the State would have to make payments related to the nonexchange guarantees extended. The following table includes the composition of the State's $92.3 million of financial guarantees outstanding and statutory limits as of June 30, 2016 (expressed in thousands):

	RSA	Guarantee Limit	Remaining Capacity	June 30, 2016 Principal	Interest	Total
Municipalities and Political Subdivisions						
Water Pollution Bonds	485-A:7	$50,000	$49,390	$580	$30	$610
School Construction Bonds	195-C:2	95,000	61,876	24,786	8,338	33,124
Solid Waste Bonds	149-M:31	10,000	10,000			
Super Fund Site Cleanup Bonds	33:3-f	20,000	* 20,000			
Related Organizations						
Business Finance Authority (BFA) - General Obligation	162-A:17	25,000	**	20,000	3,128	23,128
Business Finance Authority (BFA) - Additional State Guarantee	162-I:9-b	50,000	**	35,093	412	35,505
Business Finance Authority (BFA) - Unified Contingent Credit Limit	162-A:22	115,000	* 59,907	55,093	3,540	58,633
Pease Development Authority - Guarantees for Loans	12-G:31	70,000	13,910			
Pease Development Authority - Guarantees for Development	12-G:33	35,000	35,000			
Pease Development Authority - Guarantees for Development	12-G:35	10,000	10,000			
Housing Finance Authority - Child Care Loans	204-C:79	300	300			
Totals		$405,300	$260,383	$80,459	$11,908	$92,367

* Plus Interest

** Plus interest (guaranteed limit under this section is included in and limited by RSA 162-A:22).

13. LEASE COMMITMENTS

OPERATING LEASES

The State has lease commitments for equipment and space requirements which are accounted for as operating leases. Rental expenditures for fiscal year 2016 for governmental activities and business-type activities were approximately $22.3 million and $6.6 million, respectively. The leases for space, which are subject to continuing appropriation, extend forward a number of years and may contain rent escalation clauses and renewal options. The following is a schedule of future minimum space rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of June 30, 2016 (expressed in thousands):

Payable June 30,	Governmental Activities	Business-Type Activities
2017	8,120	5,817
2018	5,419	5,880
2019	4,320	5,158
2020	3,375	4,845
2021	2,936	4,437
2022-2026	12,411	16,882
2027-2031	1,761	3,470
2032-2036		2,619
2037-2041		54
Total	$38,342	$49,162

CAPITAL LEASES

The State has entered into lease agreements as lessee for financing the acquisition of buildings and equipment. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments. The future minimum lease payments and the net present value of those payments at June 30, 2016 are as follows (expressed in thousands):

Payable June 30,	Governmental Activities	Business-Type Activities
2017	579	125
2018	474	125
2019	338	125
2020	507	125
2021	88	104
2022-2026	387	
Total	2,373	604
Amount Representing Interest	(428)	(251)
Present Value of Minimum Lease Payments	$1,945	$353

The assets acquired through capital leases and included in capital assets at June 30, 2016 include the following (expressed in thousands):

	Governmental Activities	Business-Type Activities
Equipment	$1,104	
Buildings & Building Improvements	4,792	$1,563
Total	5,896	1,563
Less: Accumulated Depreciation	(4,233)	(1,051)
Net	$1,663	$512

14. LITIGATION

Department of Health and Human Services (DHHS)

Chase Home et al v. Division for Children, Youth, and Families (DCYF)

On November 7, 2007, seven residential childcare providers initiated a lawsuit in Merrimack County Superior Court against DCYF on a variety of claims, including DCYF's statutory obligation to pay for residential childcare services provided under certain provisions of State law. DCYF filed a motion for summary judgment, which the court denied, on the grounds that DCYF does not have a contractual relationship with the providers, and that it did not engage in any unconstitutional taking of property. In May 2010, the court ruled in favor of the Petitioners and found that the State had breached its contracts, that there was sufficient money appropriated in the years in question to pay the Petitioners, and awarded damages of $3.5 million for the claims of FY04-FY06 (denying Petitioners' request for attorney fees.) A Motion to Reconsider was denied,

another appeal was filed, and a Supreme Court decision upheld the trial court's determination that there were valid contracts, holding the state liable for the court's judgment, plus allowable interest of approximately $0.3 million. On February 3, 2012, the judgment was submitted to the legislature in accordance with RSA 491:8, calling for legislation, which did not pass in the 2012 session. However, HB 486-FN was adopted in 2013 providing the funding ($2.7 million general funds and $1.3 million federal funds) and the judgment was paid in FY13. There are similar claims by some of the same providers pending in DCYF's administrative appeals unit for FY07-FY11. These administrative appeals were settled for $1.4 million, with the State retaining the right to recover the appropriate federal match. This matter is now closed.

Gary Dube et al. v. State of New Hampshire

Harbor Homes, Inc., a provider of Medicaid-funded community mental health services, and four individuals who had been receiving services from Harbor Homes prior to June 30, 2011 sued the State and DHHS, challenging the State's decision to consolidate delivery of community mental health services in the approved community mental health program for Region 6. The core issue is whether the State rules requiring an interagency agreement with a community mental health program is a reasonable qualification in order to qualify as a community mental health provider of Medicaid-funded services. On January 25, 2012, the Court issued an order granting, in part, the State's Motion for Summary Judgment, but left open the plaintiffs' claim whether the State violated Harbor Homes' due process rights with respect to the Greater Nashua Mental Health Center's refusal to enter into a new interagency agreement upon expiration of the prior agreement. On August 2, 2012, the Court issued an order granting the State's Motion for Summary Judgment on the plaintiff's due process claim. On August 31, 2012, the plaintiffs filed a motion for voluntary non-suit without prejudice of the remaining claims. The motion for voluntary non-suit was granted. The plaintiffs appealed the issues decided in the two motions for summary judgment. On June 18, 2014, the Supreme Court concluded that the rule requiring an interagency agreement is not a reasonable qualification requirement, reversed the trial court's grant of summary judgment and remanded it to the trial court. The plaintiffs have also filed a new lawsuit for declaratory and injunctive relief, which simply reasserts the same claims as are made in the case remanded to the Superior Court. The State has settled with the individual plaintiffs, agreeing to allow them to receive functional support services from Harbor Homes, and payments of $160,000 in attorney's fees and $2,500 in costs. DHHS filed a partial motion to dismiss against Harbor Homes, the only remaining plaintiff, on August 28, 2014. Harbor Homes has objected, and filed a motion for entry of judgment on its procedural due process claim. The State objected to the motion for entry of judgment, and moved to dismiss on grounds of mootness in light of the settlement agreement with the individual plaintiffs which provides all of the injunctive relief requested in the action. On February 10, 2015, the trial court partially dismissed the lawsuit on the grounds of mootness, but found that because Harbor Homes was not a party to the settlement, its claim under Count II for injunctive relief and attorneys' fees was not rendered moot. It further declined to enter judgment for Harbor Homes on Count II, and that claim remains pending before the trial court. The court transferred this case to Merrimack Superior Court and consolidated it with *Harbor Homes v. DHHS* (discussed below). The parties filed cross motions for partial summary judgment on Harbor Homes' procedural due process claim, and the court granted Harbor Homes' motion. The court gave Harbor Homes until October 1, 2015 to file a memorandum in support of its request for attorney's fees. That deadline was extended twice. Harbor Homes filed its request for attorneys' fees on December 3, 2015, seeking $210,479 in attorneys' fees and $8,955 in costs. The State objected to Harbor Homes' request for attorney's fees, but the court granted Harbor Homes the full amount of the fees and costs requested. The parties mediated this matter, along with the Harbor Homes v. DHHS matter (below) on February 19, 2016 and reached a settlement which included settling the procedural due process claim for the full amount of attorney's fees and costs awarded by the court. This matter is now closed.

Harbor Homes v. DHHS

Harbor Homes filed a separate breach of contract and procedural due process lawsuit. This complaint is derivative of a lawsuit previously filed in Merrimack Superior Court on June 28, 2011, *Dube et al. v. State of New Hampshire, et al*, DHHS filed a motion to dismiss on August 28, 2014, to which Harbor Homes has objected. Harbor Homes also filed an amended complaint, to add claims against DHHS Commissioner Toumpas in his individual capacity. A motion to dismiss the amended complaint has also been filed, and the plaintiff has objected. A hearing on the motions to dismiss was held on March 23, 2015. The court granted the motion to dismiss in part and denied it in part. The court dismissed Harbor Homes' duplicative procedural due process claim, and dismissed its claim against the commissioner as an individual defendant, but allowed the breach of contract claim to go forward. Discovery on the breach of contract claim is currently underway. Both parties filed cross motions for summary judgment on Harbor Homes' breach of contract claim. On February 16, 2016, the court granted Harbor Homes' motion for summary judgment. Harbor Homes was seeking over $3 million in damages. The parties mediated the case on February 19, 2016 and settled the breach of contract claim for $1,350,000. This matter is now closed.

Frisbie Memorial Hospital et al. v. Toumpas

Six Hospitals, Frisbie, Wentworth-Douglas, Exeter, LRGH, Southern NH, and St. Joseph's, filed suit on October 10, 2013 in Strafford Superior Court against DHHS claiming that the 2008 rate reductions to inpatient and outpatient hospital rates are void due to lack of proper notice and failure to submit a state plan amendment ("SPA") and to provide comment opportunity before the changes were made and that they are therefore entitled to payment at higher rates under the existing state plan language for the time period July 1, 2008 to November 19, 2010, the effective date of a SPA approved by CMS that ultimately contained the rate change. The plaintiffs assert damages of approximately $20 million. A motion to dismiss was filed on behalf of the State. On June 23, 2014, the plaintiffs filed a motion to stay to provide time to implement the MET settlement (*see Catholic Medical Center et al v. DRA*). In addition, because St. Joseph's Hospital was not a party to the MET settlement, the stay is designed to provide St. Joseph's time to obtain new legal counsel, and determine if it will continue with the litigation on its own. The matter remains stayed during the implementation of the MET settlement (*see Catholic Medical Center, et al. v. DRA*). Pursuant to the settlement agreement with twenty-five hospitals, any judgment against the State from this litigation will be paid by the settling hospitals, up to a cap of $4.5 million. Following St. Joseph's settlement with the State, agreeing to the terms of the global settlement, the parties filed a motion for administrative closure. Under both the global agreement and St. Joseph's agreement, this matter is to be administratively closed subject to a right to bring forward the action. The plaintiffs further agreed that if funding for fiscal years 2015, 2016, and 2017 as set out in the global agreement is met, the plaintiffs will move to dismiss this action, with prejudice, by July 1, 2018. Although it is not expected that the claim by St. Joseph's Hospital will exceed $4.5 million, and the agreed upon funding will be appropriated, it is not possible to predict the outcome of this case at this time.

Frisbie Memorial Hospital et al. v. Sebelius

Six Hospitals, Frisbie, Wentworth-Douglas, Exeter, LRGH, Southern NH, and St. Joseph's, filed suit on October 10, 2013 in federal court in an Administrative Procedures Act challenge to CMS' approval of two State Plan Amendments ("SPA") submitted in 2010 that authorized the State to add the current 2008 rates for inpatient and outpatient. The plaintiffs allege that the notice of these proposed SPAs did not specifically include that these rates would be imbedded in these SPAs. The State is not a defendant in this lawsuit. These SPAs, however, are important to the State and the State will seek permission to intervene. If plaintiffs are successful, additional claims would likely be made against the State for the period from November 2010 until March 20, 2012. On June 23, 2014, the plaintiffs filed a motion to stay to provide time to implement the MET settlement (*see Catholic Medical Center et al v. DRA*). In addition, because St. Joseph's hospital was not a party to the MET settlement, the stay is designed to provide St. Joseph's time to obtain new legal counsel, and determine if it will continue with the litigation on its own. The matter remains stayed during the implementation of the MET settlement (*see Catholic Medical Center, et al. v. DRA*). Pursuant to the settlement agreement with twenty-five hospitals, any judgment against the State from this litigation will be paid by the settling hospitals, up to a cap of $4.5 million. Following St. Joseph's settlement with the State, agreeing to the terms of the global settlement, the parties filed a motion for administrative closure. Under both the global agreement and St. Joseph's agreement, this matter is to be administratively closed subject to a right to bring forward the action. The plaintiffs further agreed that if funding for fiscal years 2015, 2016, and 2017 as set out in the global agreement is met, the plaintiffs will move to dismiss this action, with prejudice, by July 1, 2018. Although it is expected that the claim by St. Joseph's Hospital will be no more than $4.5 million, and the agreed upon funding will be appropriated, it is not possible to predict the outcome of this case at this time.

Carrie Hendrick. v. NH DHHS.

The complaint, filed on June 19, 2014, by New Hampshire Legal Assistance ("NHLA") as a class action in Merrimack County Superior Court, is regarding DHHS's treatment of social security income ("SSI") as household countable income for eligibility and calculation of TANF grants. NHLA seeks a declaratory judgment that DHHS not include the named plaintiff's children (SSI recipients) in her household assistance group. The plaintiff also challenges the validity of the applicable administrative rule (He-W 654.04(c)) and seeks a permanent injunction. SB 198, effective January 13, 2012, changed State law to count children receiving SSI in the family assistance group. On June 16, 2015, the Merrimack County Superior Court granted DHHS's Motion for Summary Judgment. The Court held that the inclusion of children's SSI income when calculating TANF eligibility was lawful and that it could not find that administrative rule He-W 654.04(c) interfered with or impaired a family's legal rights as defined under either federal or state law. NHLA appealed to the New Hampshire Supreme Court. Briefing of the matter is ongoing. Oral argument was held on January 13, 2016. Subsequent to oral argument, the New Hampshire Supreme Court issued an order inviting the U.S. Solicitor General to file an amicus brief. On August 2, 2016, the N.H. Supreme Court issued its opinion, reversing and remanding the matter to Superior Court. A status conference was held on September 22, 2016. At that conference, NHLA indicated it would send its request for attorneys' fees to the State. The State paid $134,612 in attorneys' fees to NHLA. The matter is now closed.

Katherine Frederick v. DHHS

The initial complaint, filed on September 21, 2014, alleges that the plaintiff suffered damages as a result of DHHS's failure to allow the plaintiff to breastfeed her child. She alleges wrongful discharge and violations of 29 U.S.C. §207(r), 29 U.S.C. §215(a)(3), the Family Medical Leave Act, Title VII, and RSA 275-E. The court dismissed the plaintiff's original complaint filed holding that the law does not recognize a right to breastfeed (as opposed to expressing milk) in the workplace. The court did, however, provide the plaintiff with leave to file an amended complaint, which she did in November 2015. Plaintiff's new complaint raised claims under the ADA, Title VII, and for wrongful termination. DHHS filed a motion to dismiss these claims on exhaustion and statute of limitations grounds, as well as for the failure to state a claim upon which relief can be granted. On August 16, 2016, the court granted DHHS' motion as to the Title VII claim, but denied it with regard to the ADA and wrongful termination claims. On October 26, 2016, DHHS filed a motion for judgment on the pleadings, asserting Eleventh Amendment immunity. That motion is pending. If successful, the remaining claims will be dismissed, but Plaintiff will be able to re-file in state court. It is not known at this stage how much the plaintiff is seeking in damages. Therefore, it is not possible to predict the outcome of this case at this time.

Department of Revenue Administration

Catholic Medical Center (CMC) et al. v. Department of Revenue Administration ("DRA")

CMC, Exeter Hospital and St. Joseph's Hospital have filed three separate lawsuits challenging the constitutionality, both facially and as applied, of RSA 84-A, the Medicaid Enhancement Tax ("MET"). The hospitals claim the MET is unconstitutional under both state and federal law because: (1) it taxes hospitals for net patient services revenue ("NPSR") but does not tax other medical entities for the same revenue; and (2) there is an alleged different rate of taxation assessed between the hospitals and rehabilitation hospitals. Each hospital initially sought full reimbursement of the tax it paid in 2011 totaling $31.5 million. Northeast Rehabilitation Hospital (Northeast) filed a similar lawsuit seeking $1.5 million of reimbursement for the tax paid in 2011. The CMC, Exeter, and St. Joseph's lawsuits have been consolidated (collectively the "CMC Litigation"), and the parties have drafted an agreed stipulation of facts, and have filed cross-motions for summary judgment. The parties in the Northeast litigation have agreed to draft an agreed stipulation of facts and litigate the case through cross-motions for summary judgment. The parties in the Northeast litigation agreed to seek an extension of time of the deadline to reach an agreed statement in that case to sometime after December 31, 2012. During fiscal year 2013, the parties in the CMC litigation settled the 2011 claims, and agreed the remainder of the case will be only for FY 2014 and beyond. The parties have filed an agreed statement of facts and cross-motions for summary judgment. The hospitals filed an objection to the State's cross-motion for summary judgment in October 2013, and the State filed its reply in November 2013. On February 7, 2014, the trial court in the Northeast case found a portion of the tax (revenue from outpatient hospital services) to be unconstitutional. It implicitly found the State's taxation of inpatient treatment to be constitutional. Finally, the trial court held that the MET did not constitute a double tax of for-profit hospitals. Both parties have appealed this decision. On April 8, 2014, the trial court in the CMC case found the entire tax (inpatient and outpatient hospital services) unconstitutional.

The State entered into a global settlement with 25 hospitals including CMC, Exeter and Northeast. Litigation with these three hospitals will be stayed pending federal approval of changes to the State's distribution of DSH payments. Dismissal of the litigation will not occur until after the settlement is implemented, which may take several years. St. Joseph did not agree to the settlement, and is the only remaining active litigant in the MET litigation challenging the constitutionality of the 2011 MET statute. The State has filed a motion arguing that the trial court's decision is now moot in light of statutory changes to MET effective June 30, 2014. On July 14, 2015, the superior court granted the State's motion to dismiss St. Joseph's claim on grounds of mootness. St. Joseph has not appealed that decision; therefore, St. Joseph's claims relating to the 2011 tax year are concluded. All that remains of this litigation are CMS and Exeter's claims, which are administratively closed pursuant to the global settlement agreement. Pursuant to the Agreement, CMS and Exeter's claims can only be revived if the legislature fails to appropriate the requested funds and precludes the State from complying with this Agreement.

State v. Priceline, Inc. et al.

This action seeks to recover unpaid Meals and Rooms Tax ("M&R Tax") and penalties, as well as penalties under the Consumer Protection Act ("CPA"), from online travel companies ("OTCs"). The lawsuit alleges M&R Tax is due on the retail rate paid by the consumers to the OTCs, that the OTCs collect this tax from consumers, but that the OTCs do not remit any tax to the State. The OTCs allege they provide the equivalent of the M&R Tax due on the wholesale rate, as opposed to the retail rate, rate to hotels and rental car companies. The complaint also alleges the OTCs use deceptive and misleading practices in violation of the CPA. The parties' cross motions for summary judgment were denied and the case is scheduled for trial on May 4, 2017. If successful, the litigation could result in a recovery in excess of $4 million, but the outcome is uncertain and the losing party will likely appeal to the NH Supreme Court.

Michael Gill v. DRA; The Mortgage Specialists, Inc. v. DRA

The NH Supreme Court affirmed a consolidated lower court decision granting summary judgment in favor of the State in this appeal of administrative decisions that Mr. Gill and The Mortgage Specialists owe taxes. The total amount owed, with penalties and interest, is approximately $3.9 million. The State has initiated collection efforts, and believes the taxpayers have sufficient assets to pay at least a substantial portion of the taxes, penalties and interest. Collections to date have totaled approximately $310 thousand.

Retirement System

Professional Fire Fighters of New Hampshire, et al v. State of New Hampshire ("Fire Fighters II")

This suit challenges portions of HB 2 that affect the State Retirement System. Petitioners challenge Section 161 (definition of Earnable Compensation), Section 163 (definition of Average Final Compensation), Section 164 (Maximum Retirement Benefit), Section 166 (Age Multiplier to calculate benefit), and Section 186 (repeal of disability exception from the gainful occupation reduction provision) of HB 2. Petitioners seek an order finding HB 2 is unconstitutional under the Contracts and Takings Clauses of both the New Hampshire Constitution and the United States Constitution. Petitioners also sought injunctive relief, payment of damages and attorneys' fees. The issues raised in this lawsuit are similar to the issues raised in Firefighters I. The trial court issued a preliminary order in May 2013, which held that employees have a contractual interest in their retirement benefit when they become "permanent employees" (approximately 1 year into employment). The Court found there is a factual question on whether the changes to the law resulted in a "substantial impairment" and did not issue an injunction. In light of the Supreme Court's decisions in Firefighters I and American Federation of Teachers, the trial court vacated this ruling and ordered the State to file a motion seeking judgment in its favor on the grounds that the former pension laws created no protectable contractual rights. In February 2016, the court granted this motion, resulting in dismissal of the case. The plaintiffs appealed to the NH Supreme Court, which issued a final opinion affirming this order in October 2016. This matter is now closed.

Liquor Commission

XTL-NH, Inc., v. New Hampshire State Liquor Commission and Exel Inc.

In March 2012, the NHSLC issued an RFP requesting bids for a 20-year warehousing services contract. In June 2012, XTL-NH, Inc. ("XTL") and four other vendors submitted bids under the RFP. On November 20, 2012, following a thorough review of each bid, the NHSLC awarded the warehousing contract to Exel, Inc. ("Exel"). XTL finished second under the NHSLC's bid scoring system. XTL participated in the two-level protest process outlined in the RFP. On March 8, 2013, the NHSLC denied XTL's protest. On March 12, 2013, XTL filed a civil action requesting that the Court enjoin performance of the contract between NHSLC and Exel and order the NHSLC to award the contract to XTL. XTL contends that as the lowest responsible bidder, it is entitled to the contract. Further, XTL argues that NHSLC improperly modified the RFP to favor Exel's bid in violation of New Hampshire's competitive bidding laws. The injunction was denied. On April 4, 2014, the NHSLC filed a motion for summary judgment contending that: XTL's requests for injunctive relief and monetary damages were barred by sovereign immunity and that XTL was not entitled to lost profits or attorneys' fees. On July 16, 2014, the Court ruled on the NHSLC's motion for summary judgment. The Court found that XTL cannot obtain injunctive relief or attorneys' fees in this matter, but that XTL can seek monetary damages, including lost profits. On November 14, 2014, the plaintiff filed a motion for interlocutory appeal regarding the trial court's July 16, 2014, order. The motion was denied. XTL filed a motion for partial summary judgment six weeks before the trial was set to begin. NHSLC has since filed a cross motion for summary judgment. Following the submission of summary judgment memoranda, the court heard oral argument on the cross motions on November 10, 2015. On January 4, 2016 the court issued its order on the cross motions for summary judgment, denying both parties' motions. On May 23, 2016, trial commenced in this matter, which lasted eight days. The parties filed post-trial memoranda on July 22, 2016. On September 8, 2016, the Court issued an order rejecting XTL's claims and finding for NHSLC. In doing so, the Court found that the RFP, evaluation process, and contract award to Exel were lawful and in compliance with New Hampshire competitive bidding law. On October 7, 2016, XTL filed a timely appeal of the trial court's order through which it raised five appellate issues. The NHSLC subsequently filed a narrow cross-appeal raising one issue. The NH Supreme Court has not issued a briefing schedule in this matter. It is not possible to predict the outcome of this case at this time.

Department of Corrections

Woods et al. v. Commissioner of the Department of Corrections

Four female New Hampshire state inmates filed this class action lawsuit in state court seeking declaratory and injunctive relief to remedy claimed violations of their constitutional, statutory and judicially decreed right to facilities, conditions of confinement, programs, and services that are on parity with those that the State of New Hampshire provides to male New Hampshire prison inmates. The Plaintiffs claim that female inmates do not have access to vocational training, education, and other programs, services and facilities comparable to what is provided to male inmates, and claim that the Defendant has therefore violated (1) their rights under New Hampshire's Equal Rights Amendment, Part I, Article 2 of the State Constitution; (2) the Equal Protection Clause of the New Hampshire Constitution, Part I, Article 12; (3) RSA 622:33-a, III; and (4) RSA 21-H:11. The State filed an answer on November 2, 2012. Petitioners filed a motion for class certification in February 2013. The State filed an objection in March 2013 and the parties have agreed to stay the case as the Legislature has included a $38 million capital budget appropriation for a new women's prison and transitional housing facility in the FY14/15 Capital Budget (Chapter 195 Laws 2013). The groundbreaking ceremony occurred on August 18, 2016 and the facility is expected to be completed by fall of 2017. The case continues to be stayed. A status conference scheduled for January 11, 2017 was removed from the court's docket, as the parties agreed it was unnecessary. It is not possible to predict the outcome of this case at this time.

Environmental Litigation

State of New Hampshire v. Amerada Hess, et al.

The State filed this claim for damages, injunctive relief and civil penalties against major oil companies as a result of statewide contamination of drinking water with the gasoline additive Methyl tertiary-butyl ether ("MtBE"). The Defendants attempted to remove the case to federal court. The State was successful in its argument that the case should be heard in the state court and the case was remanded to the Merrimack County Superior Court. On September 17, 2008, the trial court granted the Defendants' motion to dismiss as it related to the State's claim based on nuisance. The Court denied the Defendants' motion to dismiss the other counts of the State's petition. On September 30, 2008, the trial court granted the State's motion to dismiss the Defendants' counterclaims. The State has prevailed on a number of summary judgment motions, including a motion to seek damages for contamination to private wells. The State lost two summary judgment motions that eliminated its Trespass and consumer protection claims. Further, the State dismissed on its own motion its claim under RSA 146-A. The State's remaining claims are 2 products liability claims and a negligence claim. The State's claim for damages was approximately $771 million. Settlements executed with all the defendants except Exxon/Mobil, totaled approximately $136.5 million. After reduction for legal and other settlement-related costs, approximately $90 million was received by the State during fiscal year 2013 and was recorded as a special item in the general fund. Approximately $81 million is restricted for environmental purposes and the remaining $9 million is unrestricted in accordance with the terms of the settlement agreements. The restricted portion balance as of June 30, 2015 is $78.8 million. Those settlements are subject to the terms of the settlement agreements, all of which have been approved by the trial court. Those are now final, and not subject to further amendments or appeal. Exxon/Mobil was the only defendant that did not settle before trial. After trial against Exxon/Mobil, the jury awarded the State $236 million. The trial court has ruled that the State is required to put $195 million of the jury's award in a trust. The trial court awarded the State $1.9 million in expert costs. The trial court also awarded prejudgment interest but has not yet calculated the amount and will probably not do so while the appeal is pending. Exxon/Mobil filed an appeal. Except for the jury verdict against Exxon, no adjustments will occur relative to the settlement amounts. Those are all bound by the terms of the settlement agreements, all of which have been approved by the trial court. Those are now final, and not subject to further amendments or appeal. Oral argument occurred on May 21, 2015. The State prevailed before the State Supreme Court and Exxon filed a petition for a writ of certiorari with the U.S. Supreme Court, and the State filed its objection on April 5, 2016. The State prevailed before the U.S. Supreme Court and, on June 1, 2016, Exxon/Mobil transferred $307 million to the State. This matter is now closed.

Other Matters

White Mountain Communications Co. v. New Hampshire Department of Administrative Services

This is a civil action initiated by a general contractor against the Department of Administrative Services ("DAS"), Department of Resources and Economic Development ("DRED") and two DAS employees, regarding a contract to construct of four mountaintop communication facilities. The plaintiff is alleging that the State breached its contract with the plaintiff by improperly terminating the construction contract in February of 2012 without just cause. The plaintiff has also made claims for unjust enrichment, fraud and breach of the implied covenant of good faith and recently filed several claims against its surety. The State defendants filed cross claims against the plaintiff in this matter. The plaintiff has disclosed expert reports supporting a claim for $2.1 million in damages. The parties unsuccessfully attempted to mediate this case in October of 2015. The State filed a motion for partial summary judgment seeking dismissal of all claims except the breach of contract claim. The parties have agreed to settle the claims and the matter was closed in January 2017.

Rand v. Lavoie, et al. (Wendy Lawrence v. New Hampshire State Police)

The complaint, brought on behalf of the estate of Wendy Lawrence, arises from an officer-involved fatal shooting. On September 30, 2013, Ms. Lawrence initially fled from State Police during a traffic stop on Interstate 89. Following a couple of pursuits, eventually, the State Police were able to stop her after she traveled into Manchester. While she was stopped in Manchester, defendant Chad Lavoie attempted to take her into custody. Ms. Lawrence refused to surrender and ultimately began to drive at defendant Lavoie. Defendant Lavoie shot her, and she died later that evening. The original complaint alleged 42 U.S.C. §1983 claims alleging violations of Ms. Lawrence's Fourth, Fifth, and Fourteenth Amendment rights under the U.S. Constitution, as well as a wrongful death claim. The State obtained judgment on the pleadings with regard to the Fifth and Fourteenth Amendment claims. The plaintiff amended the complaint to add the Department of Safety as a defendant and a claim that essentially alleges that the Department failed to train, supervise, and discipline the troopers to recognize symptoms of a disability under the Americans with Disabilities Act (ADA), offer reasonable accommodations to Ms. Lawrence, and discriminated against her. The plaintiff seeks enhanced com-

pensatory and punitive damages. On September 12, 2016, the State filed a motion for summary judgment on all claims. Trial was scheduled for February 2017. The plaintiff has since voluntarily non-suited the ADA claim with prejudice. The state has filed a notice of its intent to ask for fees and costs on the basis that it was a frivolous claim that the plaintiff failed to prosecute. Given the pending summary judgment motion, certain deadlines have been extended until after the issuance of a summary judgment order and the February trial has been suspended pending the outcome of an order on summary judgment. It is not possible to predict the outcome of this case at this time.

City of Dover v. State of New Hampshire

In this case, filed August 20, 2015, the City of Dover challenges the State's distribution of education aid to municipalities as a violation of the state constitutional entitlement to an adequate education, insofar as the statutory distribution scheme imposes a "cap" limiting the aid that a particular municipality can receive in a particular year to 108% of the aid it received in the prior year. The suit seeks both prospective and retrospective relief against the cap, which has been in effect since 2009. If the request for prospective relief is successful, it will require a restructuring of the State's formula for distributing education aid to municipalities. If the request for retrospective relief is successful, it would require paying the City of Dover the difference between the aid they received in each of those years and the aid they would have otherwise gotten, but for the cap. While the aggregate amount of that potential exposure has not yet been calculated for all fiscal years at issue, the total amount of aid to all municipalities withheld on the basis of the cap for fiscal year 2016 will be approximately $10.44 million. Shortly after the suit was filed, the State entered into a stipulation agreeing that any final rulings regarding the constitutionality of the cap would apply not only to Dover, but to all other municipalities affected by the cap.

On September 6, 2016, the Superior Court issued a final order ruling that the cap is unconstitutional but limiting Dover to prospective relief. In effect, this ruling entitles Dover to the $1.377 million it would have received but for the cap in fiscal year 2016. It is the State's position that this ruling also entitles the twenty-four other municipalities to the difference between the amount they would have received in fiscal year 2016 and the amount they actually received due to the cap; in total, the amount for the other municipalities is approximately $9.065 million. On September 26, 2016, the State agreed to settle the lawsuit with Dover by paying the $1.377 million. The approximately $9.065 million for the other municipalities will have to be appropriated by the Legislature in accordance with RSA 14:35-b. A bill will be submitted for the 2017 legislative session. The entire $10.44 million withheld due to the cap was recorded as an expense and liability in the accompanying financial statements.

Bedford School District and William Foote v. State of New Hampshire, et. al.

The Bedford School District and Mr. Foote, a taxpayer in Bedford, sued the State arguing that Bedford did not receive all of the education adequacy payments for fiscal year 2016 and would not receive all of the education adequacy payments for fiscal year 2017. A hearing was held on June 29, 2016, where Bedford's request for a preliminary injunction was denied. The State filed an Answer objecting to Bedford's claim for adequacy payments from fiscal year 2016 as being untimely filed thus barring it by sovereign immunity. Bedford will receive its fiscal year 2017 adequacy payments in the ordinary course from funds already appropriated for that purpose. Bedford has filed a motion for summary judgment arguing that the State should be ordered to make the 2016 adequacy payments. The State has objected to that motion, which is currently pending. It is not possible to predict the outcome of this case at this time.

Xerox State and Local Solutions, Inc. v. Department of Transportation et al

In this case, filed in October 2015, Xerox, is suing the Department of Transportation ("DOT") to challenge the selection of another vendor for the contract award of the operation of the back office systems for the E-Z Pass program in New Hampshire. Xerox is the current vendor and was not the winning bidder for the new contract that was awarded on October 7, 2015. The contract award was to Cubic for design, testing, installation and maintenance services for the operation of the NH E-Z Pass Back Office for the Turnpike System, in the amount of $51,889,725. Xerox alleges the bidding process was flawed and is seeking to void the contract, to enjoin the DOT from continuing implementation of the contract with Cubic, and damages. Xerox has provided an expert opinion opining that as a result of the loss of the procurement at issue in this case, Xerox incurred damages in the amount of $238,499 for bid preparation and $2,110,645 in lost profits. The Court dismissed the counts seeking equitable relief leaving only the counts seeking damages. It is anticipated that DOT will file a motion for summary judgment on the remaining claims by February 2017. Trial is scheduled for May 2017. It is not possible to predict the outcome of this case at this time.

State v. Volkswagen, et al

In September of 2015, a number of states engaged Volkswagen and related companies to discuss litigation related to the company's "defeat devices". These devices disabled the emissions control systems on all affected vehicles during normal, "on road" conditions As part of a settlement between Volkswagen, the California Air Resources Board (CARB) and the U.S. EPA, New Hampshire opted-in to provisions which will provide it approximately $6 million to resolve state consumer claims and $29 million in environmental mitigation (restitution to owners was covered separately through the plaintiffs' steering committee and will result in recalls, buybacks, and cash payments). On September 15, 2016, the State sued Volkswagen for the one remaining issue, environmental penalties. Possible liability for Volkswagen is more than $2 million, but a likely litigation or settlement result is, at this point, unknown.

Conservation Law Foundation, Inc. v. Pease Development Authority, et al and Notice of Intent to File Suit Against Pease Development Authority

On September 8, 2016, the Conservation Law Foundation (CLF) gave notice to the Pease Development Authority (PDA) that it intends to file suit pursuant to Section 7002 of the Resource Conservation and Recovery Act (RCRA) for violations related to PDA's storage and disposal of perfluorooctanoic acid (PFOA) and perfluorooctanesulfonic acid (PFOS). CLF alleges that PDA is discharging stormwater to the waters of the United States which convey discarded PFOA and PFOS into the waters thereby jeopardizing the health of individuals, wildlife, and the environment in the vicinity of the waters into which PDA discharged the PFOA and PFOS. CLF will seek injunctive relief to remediate the effects of the PFOA and PFOS in and around Pease, including removal of PFOA and PFOS from the site; containment of PFOA and PFOS present on-site so that stormwater runoff and groundwater cannot be contaminated; and any and all other legal and equitable relief that may be necessary to

terminate the alleged imminent and substantial endangerment to human health or the environment posed by PFOA and PFOS. CLF will also seek recovery of costs and fees, including reasonable attorney and expert witness fees associated with this matter. On November 10, 2016, CLF filed the Complaint pursuant to Section 505 of the Clean Water Act. PDA will file its answer or dispositive motion as required.

On the same date, CLF also gave notice to PDA of its intent to file suit pursuant to Section 505 of the Federal Water Pollution Control Act (Clean Water Act) for the following violations: (1) discharging stormwater from systems of conveyances to the waters of the United States without a permit; (2) failure to obtain coverage under the required Clean Water Act National Pollutant Discharge Elimination System permit; and (3) failure to comply with the specific requirements of any such permit. CLF alleges that each separate violation of the Clean Water Act subjects PDA to a penalty of up to $37,500 per day per violation for all violations occurring from January 2009 through November 2015 and $51,570 thereafter, if assessed on or after August 1, 2016. CLF states that it will seek the full penalties allowed by law, as well as recovery of costs and fees, and in addition to civil penalties, will seek declaratory and injunctive relief to prevent further violations. CLF has yet to file litigation pursuant to RCRA. It is not possible to predict the outcome of these cases at this time.

Fair Labor Standards Act

On January 9, 2015, the State determined that it would proceed as a single employer under the Fair Labor Standards Act meaning that all State agencies would be considered to be one employer. As a result of this decision, State employees who had been employed at more than one agency had to be reviewed to determine if they could maintain multiple positions as overtime payments might be required. The United States Department of Labor ("USDOL") became aware of the State's decision and reviewed the multiple employees who were employed at the New Hampshire State Liquor Commission. After the investigation, the State agreed to settle with USDOL and paid 34 current and former employees overtime and liquidated damages in the total amount of $65,986. The Liquor Commission matter is now concluded. USDOL did a follow-up investigation regarding multiple employees at the Department of Corrections in which 10 employees were identified as being owed back wages of $35,914. The payments were made in January 2016 and the final report of payments was due to USDOL in March 2016. All payments were made with some uncashed funds remitted to USDOL, thus this matter is now concluded. USDOL also investigated whether the E-911 telecommunicators were appropriately compensated for overtime based on their complex 24 hour schedule. After the investigation, the State agreed to settle with the USDOL and paid 62 current and former employees back wages and liquidated damages in the amount of $24,577 and civil money penalties to USDOL in the amount of $27,280. In December 2016, four additional telecommunicators were identified who should have been included in the settlement and their claims were settled with the USDOL for a total of $1,156. The E-911 matter is now concluded. All matters with the USDOL are now concluded.

NIMCO Real Estate Assoc., LLC v. Nadeau, et al – U.S. District Court

The Plaintiffs are NIMCO Real Estate Associates, LLC (owned by 1 Pine Street Extension prior to condemnation in 2003); Ultima Nashua Industrial Corporation (tenant of 1 Pine Street Extension, Nashua filed eviction action which resulted in writ of possession on July 20, 2016, but appeal is pending); and Dr. Anoosh Kiamanesh (aka "Dr. Kia")(Manager of NIMCO, and sole Director/President of Ultima). The Defendants are Gregory Nadeau, Administrator of Federal Highway Administration; the City of Nashua; and the NH Department of Transportation ("NHDOT").

The Plaintiffs have filed a nine count Complaint (Counts I-IX) against the defendants seeking $25 million in damages and equitable relief. The State is named as a Defendant only in one count (Count II). Plaintiffs allege three separate causes of action within this count, alleging that the State violated: (1) RSA 124-A:1, et seq. (the State's law which provides for payment of relocation costs for persons displaced by eminent domain takings), (2) the Uniform Relocation Assistance and Real Property Acquisition Act, (the "URA") 42 USC4601, et seq., and (3) Part I, Article 1 of the NH State Constitution. Plaintiffs indicate that they are seeking equitable relief only against the State in the sub-heading of the Complaint. The State filed a motion to dismiss on the basis of sovereign immunity, statute of limitations, failure to exhaust administrative remedies, eleventh amendment immunity, and that the URA does not create a private right of action. The Federal Highway Administrator filed a Motion to Dismiss alleging failure to exhaust administrative remedies and that the URA does not create a private right of action. The State joined in the motion. The City of Nashua has filed a three count cross-claim against the State. Count I claims that NHDOT is negligent in two respects. First, it claims that the NHDOT was negligent acting as an agent for the City, when it failed to charge and collect fair market rent as is required by Federal regulations, 23 C.F.R. 710.403, from 2004 to 2010. Second, that NHDOT was negligent in failing to follow federal and state law by failing to provide relocation assistance. Count II alleges that NHDOT breached its "agreements" with the City by failing to collect fair market rent, although it does not spell out specifically what agreement or provision required NHDOT to do this. Count III only states "To the extent Plaintiffs recover any amount against the City, NHDOT is obligated to indemnify the City." The Complaint does not cite anything (an agreement, federal or state law, etc.) to support its claim for indemnity. The State filed a motion to dismiss Nashua's cross-claims against the State arguing that the cross-claims are barred by the statute of limitations, sovereign immunity, as well as other grounds. To date, no party has filed an objection to the State's Motion to Dismiss the City's cross-claims. In January 2017, after the City evicted Plaintiffs and retook possession of the premises, Plaintiffs filed a Motion for a Preliminary Injunction against the City seeking to prevent the City from dismantling or removing the machines located inside the premises, which it claims are worth $12 million. The City has filed an objection. It is not possible to predict the outcome of this case at this time.

OTHER LITIGATION

The State, its agencies, officials and employees are defendants in numerous other lawsuits. Although the State is unable to predict the ultimate outcomes of these suits, based on the information provided by the Attorney General's Office, it does not appear that such litigation resulting, either individually or in the aggregate, in final judgments against the State, would materially affect its financial position. Accordingly, no detailed disclosures of these other lawsuits are provided herein and only immaterial provisions, if appropriate, for such ultimate liability has been made in the financial statements.

15. GOVERNMENTAL FUND BALANCES AND STABILIZATION ACCOUNT

A summary of the nature and purpose of the constraints and related amounts by fund at June 30, 2016 follows:

Governmental Fund Balances - Restricted, Committed and Assigned
(expressed in thousands)

	Restricted	Committed	Assigned
General Fund:			
General Government	$18,711	$5,900	$7,538
Administration of Justice & Public Protection	29,434	24,623	4,211
Resources Protection & Development	393,580	3,888	3,090
Transportation	1,483		
Health & Human Services	36,285		4,612
Education	7,133		5,511
Total	486,626	34,411	24,962
Highway Fund:			
General Government			
Administration of Justice & Public Protection	5,929		
Resources Protection & Development	105		
Transportation	106,011		
Total	112,045		
Education Trust Fund:			
Education			4,557
Total			4,557
Non-Major Governmental Funds:			
Resources Protection & Development	3,286	2,028	1,086
Other Purposes	8,941		
Total	$12,227	$2,028	$1,086

The State maintains a Revenue Stabilization account (the Rainy Day Fund) established by RSA 9:13-e. Pursuant to RSA 9;13-e, at the close of each fiscal biennium, any General Fund Unassigned Fund Balance (Surplus) remaining, as determined by the official audit performed pursuant to RSA 21-I:8, II(a), shall be transferred to this special non-lapsing account. Prior to the 2016 legislative session, in any single fiscal year the total of such transfer could not exceed ½ of the total potential maximum balance allowable which is defined by the statute as 10% of the actual General Fund unrestricted revenues for the most recently completed fiscal year. Chapter 237 of the 2016 legislative session repealed the law which capped the single year transfer amount. In the event of an operating budget deficit at the close of any fiscal biennium, as determined by the official audit, and upon approval of the Fiscal Committee of the General Court and the Governor to the extent available, sufficient funds can be transferred from this account to eliminate such deficit. Such transfer shall occur only when both of the following conditions are met:

1. A General Fund operating budget deficit occurred for the most recently completed fiscal biennium and
2. Unrestricted General Fund revenues in the most recently completed fiscal biennium were less than the budget forecast.

No available balance in the revenue stabilization reserve account shall be utilized for any purpose other than deficit reduction without specific approval of 2/3 of each house of the General Court and the Governor.

The balance at June 30, 2015 increased by $13.0 million to $22.3 million, up from $9.3 million at June 30, 2014. Per Chapter 276:43 of the Laws of 2015, $49 million of the Unassigned balance at June 30, 2015 remained in the general fund. In May 2016, the United State Supreme Court issued a final decision to uphold a verdict in favor of the State related to the State v. Exxon for MtBE water contamination. In accordance with RSA 7:6-e, 10 percent of the $300 million verdict plus interest went to the State's Rainy Day Fund, increasing the balance of the fund to $53 million.

According to the governing statute, transfers into the Rainy Day Fund only occur in the second year of a biennium. However, per Chapter 264 of the 2016 legislative session, to the extent the results of the fiscal year 2016 audited financial statements show that unrestricted General fund and Education Trust Fund revenues exceed the plan, an amount not to exceed $40 million will be transferred to the Revenue Stabilization Reserve Account. According to the audited results, these revenues exceeded budget by $150.5 million, and $40 million was transferred into the Rainy Day Fund bringing that balance as of June 30, 2016 to $93 million, leaving $88.5 million to remain in the General Fund at the beginning of fiscal year 2017.

16. JOINT VENTURES-LOTTERY COMMISSION

The New Hampshire Lottery Commission is an active participant in three separate joint venture arrangements: the Tri-State Lotto Commission (Tri-State), the Multi-State Lottery Association (MUSL), and the Lucky for Life.

In September 1985, the Tri-State was established whereby the New Hampshire Lottery Commission (Lottery) entered into a joint venture with the lotteries of the states of Maine and Vermont to promulgate rules and regulations regarding the conduct of lottery games and the licensing of retailers. In addition, each of the member states contributes services towards the management and advisory functions. Each member state including the Lottery shares in all joint venture sales and expenses, including prize expenses, based on its pro-rata share of sales. Direct charges, such as advertising, vendor fees and the Lottery's per-diem payments are charged to participating states based on services received. Prizes awarded under

Tri-State games are fully funded by deposit fund contracts and investments held by Tri-State. Accordingly, Lottery does not record a liability for jackpot awards which are payable in installments from funds provided by Tri-State. For the year ended June 30. 2016, the Lottery recognized $7.7 million of net income from Tri-State. At June 30, 2016 Tri-State reported total installment prize obligations owed to jackpot winners of $30.6 million, payable through the year 2045.

In addition, Tri-State has established a Designated Prize Reserve, which acts as a contingency to protect Tri-State against unforeseen liabilities. The Lottery's share of deposits held as Tri-State prize reserves was $1.7 million at June 30, 2016. The Tri-State issues a publicly available annual financial report, which may be obtained by writing to the Tri-State Lotto Commission, 1311 US Route 302 Suite 100, Barre, Vermont 05671.

In November 1995, the Lottery became a member of MUSL, which is currently comprised of 37 member state lotteries and administers the Multi-State Lottery Powerball, Hot Lotto, and Mega Millions games. Each state lottery sells tickets, collects revenues and remits prize funds to MUSL net of lower tier prize awards. Each member also pays for a share of MUSL's operating expenses based upon the members' proportionate share of game sales. Jackpot prizes that are payable in installments are satisfied through investments purchased by MUSL. Accordingly, the Lottery does not record a liability for jackpot awards which are payable in installments from funds provided by MUSL. For the year ended June 30, 2016, the Lottery recognized $24.0 million of net income from MUSL.

In addition, MUSL has established a contingency reserve to protect MUSL and its members against unforeseen liabilities. The Lottery's share of deposits held as MUSL prize reserves was $2.3 million at June 30, 2016. MUSL issues a publicly available annual financial report, which may be obtained by writing to the Multi-State Lottery Association, 4400 NW Urbandale Drive, Urbandale, Iowa 50322.

The New Hampshire Lottery Commission became a member of the New England regional lottery game known as Lucky for Life beginning sales on March 11, 2012, with the first drawing held on March 15, 2012. Lucky for Life is currently comprised of the twenty-two states' lotteries and the District of Columbia. The Lottery sells Lucky for Life tickets, collects all revenues, and remits prize funds and operating funds to MUSL. While Lucky for Life is not a MUSL game, the party lotteries pay a fee to MUSL to act as the game administrator (clearinghouse agent). MUSL collects and re-distributes funds to the party lotteries when funds are due and purchases insurance annuities for the top two highest prize tiers when a winner does not choose a cash pay-out. The top two prize tiers are payable in installments and are satisfied through insurance annuities purchased by MUSL when a winner chooses the annuity option. Accordingly, the Lottery does not record an obligation for jackpot awards which are payable in installments from funds provided by MUSL or the other party lotteries. The Lottery does accrue a current amount due for its proportionate share of prizes and expenses.

Each member state including the Lottery shares in all joint venture sales and expenses, including prize expenses, based on its pro-rata share of sales. For the year ended June 30, 2016, New Hampshire's total share of the net operating income for Lucky for Life was $1.9 million. The prize liability for each Lucky for Life drawing is shared by each member Lottery based on an amount equal to a percentage of that member Lottery's Lucky for Life sales. Each member Lottery is responsible for a prize payout equal to a percentage of that member Lottery's Lucky for Life sales, said percentage being the proportion of total Lucky for Life prize liability to total Lucky for Life sales. There are no prize reserves held by MUSL for this game.

The State's total share of accrued prize and operating amounts due at June 30, 2016 amounted to $2.3 million, representing MUSL prize reserves which could be returned to the State's Education Trust Fund.

17. SUBSEQUENT EVENTS

General Obligation Capital Improvement Bonds:

The State issued $3.9 million General Obligation Capital Improvement Bonds 2016 Series A through a private placement with the New Hampshire Municipal Bond Bank ("NHMBB") which closed on July 14, 2016. These bonds were issued with an overall true-interest-cost of 1.99%, which, as is the case with all such NHMBB bond placements, reflects a cost of funds based on the prevailing market rates for credit similar to the State's at the time the bonds are issued. This is the eighth transaction of its kind since 2009, providing an investment for the NHMBB to hold in its Debt Service Reserve Fund while providing the State with low-cost financing to fund capital spending.

Additionally, the State issued $63.4 million General Obligation Capital Improvement Bonds 2016 Series B through a competitive sale which priced on November 17, 2016 and closed on November 30, 2016, resulting in an overall true-interest-cost (TIC) to the state of 2.80% with coupons ranging from 3.00% to 5.00% and with final maturity on June 1, 2036. The proceeds of these bonds (in addition to the amount described above) will be used to fund all or part of various capital projects of the State.

The State also issued $50.9 million General Obligation Refunding Bonds 2016 Series A through a competitive sale which also priced on November 17, 2016 and closed on November 30, 2016, resulting in an overall true-interest-cost (TIC) to the state of 1.69% with coupons at 5.00% and final maturity on October 15, 2024. These bonds were used to refund $53.8 million of existing outstanding bonds which resulted in an overall net present value savings of $2.8 million, or 5.17% savings on the refunded bonds.

Federal Transportation Infrastructure Finance and Innovation Act (TIFIA) Notes:

Under the TIFIA loan agreement, the State has the ability to draw up to $200 million in funds as described in Note 5 to the Financial Statements. During the period July 1, 2016 through December 15, 2016, an additional $11.6 million of TIFIA proceeds had been received under this arrangement, representing a long-term note payable.

Required Supplementary Information (Unaudited)

STATE OF NEW HAMPSHIRE
BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Expressed in Thousands)

	General Fund			
	Budgeted Amount			
	ORIGINAL	FINAL	ACTUAL (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
REVENUES				
General Property Taxes	$228	$228	$283	$55
Special Taxes	1,119,564	1,111,623	1,200,394	88,771
Personal Taxes	124,682	124,682	132,345	7,663
Business License Taxes	21,924	21,933	22,580	647
Non-Business License Taxes	127,303	127,349	123,726	(3,623)
Fees	181,286	191,273	175,019	(16,254)
Fines, Penalties and Interest	10,137	11,401	7,875	(3,526)
Grants from Federal Government	1,944,432	2,254,945	1,835,321	(419,624)
Grants from Private and Local Sources	194,209	194,419	168,783	(25,636)
Rents and Leases	2,167	2,825	1,600	(1,225)
Interest Premiums and Discounts	13,749	13,835	17,950	4,115
Sale of Commodities	12,241	18,060	13,193	(4,867)
Sale of Services	36,349	36,547	28,148	(8,399)
Assessments	72,677	80,494	70,356	(10,138)
Grants from Other Agencies	171,232	173,028	134,395	(38,633)
Miscellaneous	1,434,399	586,116	671,933	85,817
Total Revenue	5,466,579	4,948,758	4,603,901	(344,857)
EXPENDITURES				
GENERAL GOVERNMENT				
Legislative Branch	20,149	20,474	15,735	4,739
Executive	38,888	39,388	27,737	11,651
Information Technology	74,433	73,379	58,246	15,133
Executive Council	235	236	220	16
Administrative Services	126,936	131,171	123,454	7,717
Sec of State	11,033	15,279	9,945	5,334
Cultural Affairs	9,767	10,019	5,676	4,343
Revenue Administration	20,063	20,900	18,196	2,704
State Treasury	90,213	94,068	82,443	11,625
NH Retirement System	7,588	7,599	6,605	994
Developmental Disabilities Council	997	1,016	477	539
Office of Professional Licensure and Certification	7,772	8,271	6,912	1,359
Boards and Commissions	943	944	879	65
Total	409,017	422,744	356,525	66,219
JUSTICE AND PUBLIC PROTECTION				

See accompanying Independent Auditors' Report. The Notes to Required Supplementary Information are an integral part of this schedule.

STATE OF NEW HAMPSHIRE
BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited) - continued
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Expressed in Thousands)

	General Fund			
	Budgeted Amount			
	ORIGINAL	FINAL	ACTUAL (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
Judicial Branch	84,254	86,886	79,485	7,401
Adjutant General	26,128	28,830	18,272	10,558
Agriculture	6,771	6,908	4,410	2,498
Justice Department	50,503	120,222	30,937	89,285
Bank Commission	5,807	5,838	5,054	784
Insurance	14,926	16,867	10,900	5,967
Labor	9,469	24,604	24,604	
Public Utilities Commission	35,867	57,155	41,701	15,454
Safety	114,598	137,278	99,202	38,076
Corrections Department	110,921	113,210	111,460	1,750
Employment Security	72,587	73,728	30,080	43,648
Judicial Council	25,819	26,360	26,152	208
Human Rights Commission	662	673	625	48
Boards and Commissions	424	425	407	18
Total	558,736	698,984	483,289	215,695
RESOURCE PROTECTION AND DEVELOPMENT				
Resource and Economic Development	90,922	99,046	52,951	46,095
Pease Development Authority	661	665	485	180
Environmental Services	127,161	134,219	75,260	58,959
Development Finance Authority	171	171	171	
Boards and Commissions	50	67	67	
Total	218,965	234,168	128,934	105,234
TRANSPORTATION				
Transportation	25,156	28,387	9,397	18,990
Total	25,156	28,387	9,397	18,990
HEALTH AND SOCIAL SERVICES				
Health and Human Services Commissioner	137,485	143,336	115,494	27,842
Office of Health Management	114,375	121,494	79,389	42,105
Transitional Assistance	104,335	104,301	83,984	20,317
Office of Medicaid & Business Policy	1,084,666	1,386,119	1,330,948	55,171
Behavioral Health	52,969	41,792	28,363	13,429
Developmental Services	315,765	316,674	298,308	18,366
N H Hospital	68,786	65,435	58,380	7,055
Glencliff Home	15,585	15,775	13,510	2,265
N H Veterans Home	33,157	32,757	29,763	2,994

See accompanying Independent Auditors' Report. The Notes to Required Supplementary Information are an integral part of this schedule.

STATE OF NEW HAMPSHIRE
BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited) - continued
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Expressed in Thousands)

	General Fund			
	Budgeted Amount			
	ORIGINAL	FINAL	ACTUAL (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
Veterans Council	478	493	512	(19)
Human Services	178,699	179,440	161,342	18,098
Elderly and Adult Services	470,516	449,166	421,327	27,839
Community Based Care Svc	54,793	59,470	24,312	35,158
Total	2,631,609	2,916,252	2,645,632	270,620
EDUCATION				
Department of Education	389,675	393,070	276,111	116,959
NH Comm. Tech. College System	42,500	42,501	42,501	
Police Standards and Training Council	3,360	3,508	2,968	540
University of New Hampshire	81,000	81,000	81,000	
Total	516,535	520,079	402,580	117,499
Debt Service	119,587	119,587	119,587	
Capital Outlays	17,064	17,064	17,064	
Total	4,496,669	4,957,265	4,163,008	794,257
Excess (Deficiency) of Revenues Over (Under) Expenditures	969,910	(8,507)	440,893	449,400
Other Financing Sources (Uses)				
Transfers In	760	760	776	16
Transfers Out	(102,984)	(102,984)	(79,365)	23,619
Miscellaneous			(668)	(668)
Total Other Financing Sources (Uses)	(102,224)	(102,224)	(79,257)	22,967
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	867,686	(110,731)	361,636	472,367
Fund Balance - July 1	512,723	512,723	512,723	
Fund Balance - June 30	1,380,409	401,992	874,359	472,367

See accompanying Independent Auditors' Report. The Notes to Required Supplementary Information are an integral part of this schedule.

STATE OF NEW HAMPSHIRE
BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited)
HIGHWAY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Expressed in Thousands)

	Highway Fund			
	Budgeted Amounts			
	Original	Final	Actual (Budgetary Basis)	Variance with Final Budget-Positive (Negative)
REVENUES				
Business License Taxes	$156,953	$156,953	$179,799	$22,846
Non-Business License Taxes	58,404	58,404	67,020	8,616
Fees	53,175	52,301	18,356	(33,945)
Fines, Penalties and Interest	8,338	8,329	7,227	(1,102)
Grants from Federal Government	476,423	675,136	157,275	(517,861)
Grants from Private and Local Sources	12,983	12,983	2,940	(10,043)
Rents and Leases	214	214	149	(65)
Sale of Commodities	756	18,756	13,480	(5,276)
Sale of Services	5,474	5,304	4,955	(349)
Grants from Other Agencies	12,593	12,377	10,312	(2,065)
Miscellaneous	68,509	70,655	26,974	(43,681)
Total Revenues	853,822	1,071,412	488,487	(582,925)
EXPENDITURES				
Justice and Public Protection	95,258	97,588	56,927	40,661
Resource Protection and Development	1,727	1,737	1,631	106
Transportation	800,695	1,016,242	403,720	612,522
Debt Service	31,830	31,830	31,830	
Capital Outlays	11,121	11,121	11,121	
Total Expenditures	940,631	1,158,518	505,229	653,289
Excess (Deficiency) of Revenues Over (Under) Expenditures	(86,809)	(87,106)	(16,742)	70,364
OTHER FINANCING SOURCES (USES)				
Transfers Out		(2,163)	(2,255)	(92)
TIFIA Loan Authorization			200,000	200,000
Miscellaneous			671	671
Total Other Financing Sources (Uses)		(2,163)	198,416	200,579
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(86,809)	(89,269)	181,674	270,943
Fund Balance - July 1	461,459	461,459	461,459	
Fund Balance - June 30	$374,650	$372,190	$643,133	$270,943

See accompanying Independent Auditors' Report. The Notes to Required Supplementary Information are an integral part of this schedule.

STATE OF NEW HAMPSHIRE
BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited)
EDUCATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Expressed in Thousands)

	Education Fund			
	Budgeted Amounts			
	Original	Final	Actual (Budgetary Basis)	Variance with Final Budget-Positive (Negative)
REVENUES				
General Property Taxes	$404,400	$404,400	$406,393	$1,993
Special Taxes	336,224	336,224	387,786	51,562
Personal Taxes	98,060	98,060	94,658	(3,402)
Fines, Penalties and Interest			1	1
Grants from Federal Government				
Miscellaneous	40,000	40,000	40,000	
Total Revenues	878,684	878,684	928,838	50,154
EXPENDITURES				
Education	958,433	960,676	956,676	4,000
Total Expenditures	958,433	960,676	956,676	4,000
Deficiency of Revenues Under Expenditures	(79,749)	(81,992)	(27,838)	54,154
OTHER FINANCING SOURCES (USES)				
Transfers In		78,627	78,627	
Total Other Financing Sources Uses		78,627	78,627	
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	(79,749)	(3,365)	50,789	54,154
Fund Balance - July 1	(71,830)	(71,830)	(71,830)	
Fund Balance - June 30	$(151,579)	$(75,195)	$(21,041)	$54,154

See accompanying Independent Auditors' Report. The Notes to Required Supplementary Information are an integral part of this schedule.

Note to the Required Supplementary Information - Budgetary Reporting (Unaudited)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

The Budget To Actual (Non-GAAP Budgetary Basis) Schedules depict budgeted to actual expenditures at the Department level, which is the legal level of budgetary control for all governmental funds.

The comparison schedule presented for the General Fund, the Highway Fund, and the Education Fund, presents the original and final appropriated budgets for fiscal year 2016, as well as the actual resource inflows, outflows and fund balances stated on the budgetary basis.

The "original budget" and related estimated revenues represent the spending authority enacted into law by the appropriation bill as of (HB1) September 16,2015 with an effective date of July 1, 2015, and include balances and encumbrances carried forward from the prior year.

Generally accepted accounting principles (GAAP) require the final legal budget be reflected in the “final budget” column for those accounts included in the original budget. Therefore updated revenue estimates available for appropriations as of June 30, 2015 rather than the amounts shown in the original budget, are reported. The final appropriations budget represents the original budget (HB1), plus HB2 and supplemental appropriations, carry-forwards, approved transfers, and any executive order reductions for budgeted accounts.

RECONCILIATION OF BUDGETARY TO GAAP

The state’s biennial budget is prepared on a basis other than GAAP. The “actual” results columns of the Budget To Actual (Non-GAAP Budgetary Basis) schedules are presented on a “budgetary basis” under such standardized accounting methods and policies structured to provide a meaningful comparison to budget.

The major differences between the budgetary basis and the GAAP basis are:

1. Expenditures (Budgetary) are recorded when cash is paid, rather than when the obligation is incurred (GAAP). Revenues (Budgetary) are based on cash received plus estimated revenues related to the budgetary expenditures. Additional revenue accruals are made on a (GAAP) basis only.
2. On a GAAP basis, major inter-agency and intra-agency transactions are eliminated in order to not double count revenues and expenditures.

The following schedule reconciles the General and Major Special Revenue Funds of the primary government for differences between budgetary accounting methods and the GAAP basis accounting principles for the year ended June 30, 2016 (expressed in thousands).

	General Fund	Highway Fund	Education Fund
Excess/(Deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses (Budgetary Basis)	$361,636	$181,674	$50,789
Adjustments and Reclassifications:			
To record change in Accounts Payable and Accrued Payroll	136,786	(632)	41
To Record change in Accounts Receivable	(309,919)	(4,090)	(79,185)
To Record Other Financing Sources (Uses)	207,507	(189,902)	28,610
Excess/(Deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses (GAAP Basis)	$396,010	$(12,950)	$255

See accompanying Independent Auditors' Report. The Notes to Required Supplementary Information are an integral part of this schedule.

Required Supplementary Information (Unaudited)
INFORMATION ABOUT THE STATE'S OTHER POSTEMPLOYMENT BENEFITS

As of December 31, 2014, the most recent actuarial valuation date, the actuarial accrued liability ("AAL") for benefits was $2,138 million, with no actuarial value of assets, resulting in UAAL of $2,138 million, which is an increase as compared with a UAAL as of December 31, 2012 of $1,857 million. Plan obligations had been expected to increase, but the increase was slightly larger than expected due to an actuarial experience loss and to valuation assumption changes, specifically an increase due to a rising prescription drug cost trend partially offset by decreases due to lower valuation-year per capita health costs and to a lower medical cost trend. The AAL and UAAL as of December 31, 2012 of $1,857 million was a decrease from the AAL and UAAL as of December 31, 2010 of $2,258 million which was attributable to specific changes made to pricing of the prescription drug program, changes in plan design and premium contributions, and overall favorable health claim experience. The assumption changes in the December 31, 2014 report as compared to the previous report are per capita health costs and administrative expenses recalculated based on more recent data, medical and drug trends updated to reflect experience and future expectations, and the excise tax on high cost health plans beginning in 2018 revised due to recent experience. The following schedule presents the State of New Hampshire's actuarially determined funding progress for the State's Other Postemployment Benefits (using the projected unit credit actuarial cost method):

Schedule of Funding Progress by Valuation Date

(Expressed in thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/14		$2,138,368	$2,138,368	0%	$563,322	379.60%
12/31/12		1,856,714	1,856,714	0%	518,664	357.98%
12/31/10		2,257,820	2,257,820	0%	597,821	377.67%

Required Supplementary Information (Unaudited)
INFORMATION ABOUT THE NEW HAMPSHIRE RETIREMENT SYSTEM

Schedule of the State's Proportionate Share of the Net Pension Liability

(Dollars in thousands)

	June 30, 2016	June 30, 2015
State's Proportion of the Net Pension Liability	20.07%	19.60%
State's Proportionate Share of the Net Pension Liability	$794,933	$735,869
State's Covered-Employee Payroll	$564,568	$535,261
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	140.80%	137.48%
NHRS Fiduciary Net Position as a Percentage of the Total Pension Liability	65.47%	66.32%

Note: The amounts presented were determined as of and for the measurement period ended June 30, 2015 and June 30, 2014
Schedule is intended to show 10 years. Additional years will be added as they become available.

Schedule of State Contributions

(Dollars in thousands)

	June 30,		
	2016	2015	2014
Required State Contribution	$69,700	$67,450	$63,621
Actual State Contributions	69,700	67,450	63,621
Excess/(Deficiency) of State Contributions			
State's Covered-Employee Payroll	564,752	564,568	535,261
State Contribution as a Percentage of its Covered-Employee Payroll	12.34%	11.95%	11.89%

Schedule is intended to show 10 years. Additional years will be added as they become available.

Required Supplementary Information (Unaudited)
INFORMATION ABOUT THE NEW HAMPSHIRE JUDICIAL RETIREMENT PLAN

Fiscal Year Ended (dollars in thousands)	**June 30, 2016**	**June 30, 2015**
Total Pension Liability		
Service cost	$2,693	$2,351
Interest on total pension liability	5,642	5,648
Benefit payments	(5,694)	(5,775)
Net change in total pension liability	2,641	2,224
Total pension liability, beginning	83,398	81,174
Total pension liability, ending (a)	$86,039	$83,398
Fiduciary Net Position		
Employer contributions	$5,470	$4,923
Member contributions	664	635
Investment income net of investment expenses	(249)	2,759
Benefit payments	(5,694)	(5,775)
Administrative expenses	(208)	(203)
Net change in plan fiduciary net position	(17)	2,339
Fiduciary net position, beginning	46,923	44,584
Fiduciary net position, ending (b)	46,906	46,923
Net pension liability, ending = (a) - (b)	$39,133	$36,475
Fiduciary net position as a % of total pension liability	54.52%	56.26%
Covered payroll	$8,031	$7,535
Net pension liability as a % of covered payroll	487.27%	484.07%

Note: The amounts presented above were determined as of and for the measurement period ended December 31, 2015 and December 31, 2014. Schedule is intended to show 10 years. Additional years will be added as they become available.

Schedule of Employer Contributions

(Dollars in thousands)

Fiscal Year Ended June 30,	**2016**	**2015**	**2014**
Actuarially Determined Contribution	$5,678	$5,100	$4,666
Contributions in Relation to the Actuarially Determined Contribution	5,678	5,100	4,666
Excess/(Deficiency) of State Contributions			
Covered-Employee Payroll	8,209	7,944	7,348
Contribution as a Percentage of the Covered-Employee Payroll	69.17%	64.20%	63.50%

Schedule is intended to show 10 years. Additional years will be added as they become available.

Notes to the Required Supplementary Information:

Valuation	Actuarially determined contribution rates are calculated as of January 1, 2014, eighteen and thirty months prior to the end of the fiscal year in which contributions are reported.
Investment rate of return	7.00%
Inflation	2.75%
Salary increases	2.25% as of July 1, 2014; 2.25% as of January 1, 2015; 3.00% per year thereafter
Cost of living adjustment	2.25% for two years, 3% thereafter
Mortality	1994 Group Annuity Mortality Table
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed 26 years from January 1, 2014
Remaining amortization period	26 years
Asset valuation method	5-year smoothed market value
Retirement age	25% are assumed to retire at age 60 with 15 years of service; 50% are assumed to retire at age 65; 100% are assumed to retire at age 70 with 7 years of service; 5% are assumed to retire at each age between 60 and 65; 15% are assumed to retire at each age between 66 and 69.

See accompanying Independent Auditors' Report. The Notes to Required Supplementary Information are an integral part of this schedule.

Combining Financial Statements

Highway Fund

The State's Highway Fund serves a dual role, comprising of both operating activities and long-term capital improvement activities. The accounting and budgeting over the years has followed a conservative approach in that funds are raised in the current year to appropriate for highway construction projects that may subsequently take several years to complete. The fund balance is affected at the time of appropriation. The State has expanded its reporting by presenting the operating and capital activities separately on combining schedules and adding additional disclosures relating to encumbrances and future commitments.

Capital account *activities is comprised of two main construction accounts: (1) Federal Highway Construction Trust which includes federal construction aid and federal highway bond/note proceeds (2) State-funded capital which includes State aid, municipal bridge and betterment. The* ***operating account*** *represents the total highway fund less the capital account activities. Except for the betterment account, cash raised from current year revenue transactions, such as gasoline road toll, licenses, fees etc, are maintained in the operating account and transferred to the capital accounts on demand as cash is needed to fund current year costs. By law, the betterment account receives a cash transfer each month, representing 88% of 3 cents of the gasoline road toll tax.*

STATE OF NEW HAMPSHIRE
COMBINING BALANCE SHEET
HIGHWAY FUND
JUNE 30, 2016
(Expressed in Thousands)

	Highway Construction				
	Federal Highway Construction Trust	State Funded Construction	Total Highway Construction	Highway Operating	Total Highway Fund
ASSETS					
Cash and Cash Equivalents	$10,195	$42,277	$52,472	$50,530	$103,002
Cash and Cash Equivalents - Restricted	8,429		8,429		8,429
Receivables (Net of Allowances for Uncollectibles)	37,020	4,939	41,959	23,239	65,198
Due from Other Funds	1,486	11,414	12,900	(12,673)	227
Inventories				17,746	17,746
Total Assets	57,130	58,630	115,760	78,842	194,602
LIABILITIES					
Accounts Payable	34,365	12,147	46,512	5,545	52,057
Accrued Payroll				7,889	7,889
Due to Other Accounts				515	515
Unearned Revenue	2,887		2,887	118	3,005
Total Liabilities	37,252	12,147	49,399	14,067	63,466
DEFERRED INFLOWS OF RESOURCES				1,345	1,345
FUND BALANCES					
Nonspendable:					
Inventories				17,746	17,746
Restricted	19,878	46,483	66,361	45,684	112,045
Total Fund Balances	19,878	46,483	66,361	63,430	129,791
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$57,130	$58,630	$115,760	$78,842	$194,602

See accompanying Independent Auditors' Report

STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
HIGHWAY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Expressed in Thousands)

	Highway Construction				
	Federal Highway Construction Trust	State Funded Construction	Total Highway Construction	Highway Operating	Total Highway Fund
REVENUES					
Unrestricted					
Business License Taxes (Road Toll)				$123,578	$123,578
Motor Vehicle Fees				84,885	84,885
Fines, Penalties and Interest				6,990	6,990
Sale of Commodities				120	120
Sale of Service				13	13
Miscellaneous				595	595
Subtotal Unrestricted Revenues				216,181	216,181
Restricted					
Business License Taxes (Road Toll - Betterment - Ch.17,L'2014)		47,921	47,921	11,083	59,004
Motor Vehicle Fees				22,830	22,830
Fines, Penalties and Interest				237	237
Grants from Federal Government	128,871	979	129,850	31,298	161,148
Grants from Private and Local Sources	1,887	20	1,907	1,033	2,940
Rents and Leases				149	149
Sale of Commodities (Motor Fuel, Hwy Inventory)				7,596	7,596
Sale of Service				4,774	4,774
Grants from Other Agencies				7,580	7,580
Miscellaneous	564		564	1,393	1,957
Subtotal Restricted Revenues	131,322	48,920	180,242	87,973	268,215
Total Revenue	131,322	48,920	180,242	304,154	484,396
EXPENDITURES					
Current:					
Administration of Justice and Public Protection				58,776	58,776
Resource Protection and Development				1,628	1,628
Transportation	35,811	38,932	74,743	155,858	230,601
Municipal Aid	16,524	16,195	32,719	34,629	67,348
Debt Service-Safety				1,147	1,147
Debt Service-Transportation	18,878		18,878	11,805	30,683
Capital Outlay Equipment - Safety				1,650	1,650
Capital Outlay Equipment - Transportation	13		13	3,843	3,856
Capital Outlay Infrastructure - Transportation	89,941	231	90,172	14,387	104,559
Capital Outlay Land and Buildings - Transportation	4,299	1,288	5,587	27	5,614
Total Expenditures	165,466	56,646	222,112	283,750	505,862
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,144)	(7,726)	(41,870)	20,404	(21,466)
OTHER FINANCING SOURCES (USES)					
Transfers among accounts		1,950	1,950	(1,950)	
Transfers Out				(2,255)	(2,255)
Installments on Sale of Assets (I-95 Transfer Payment)				414	414
Note Issuance	9,685		9,685		9,685
Total Other Financing Sources (Uses)	9,685	1,950	11,635	(3,791)	7,844
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(24,459)	(5,776)	(30,235)	16,613	(13,622)
Fund Balances - July 1	44,337	52,259	96,596	46,145	142,741
Change in Inventory				672	672
Fund Balances - June 30	$19,878	$46,483	$66,361	$63,430	$129,791

See accompanying Independent Auditors' Report

Non - Major Governmental Funds

Special Revenue Fund: Fish and Game Fund: *The operations of the State Fish and Game Department, including the operation of fish hatcheries, inland and marine fisheries, and wildlife areas, and functions related to law enforcement, land acquisition, and wildlife management and research, are financed through the Fish and Game Fund. Principal revenues of this fund include fees from fish and game licenses, the marine gas tax, penalties, and recoveries, and federal grants-in-aid related to fish and game management, all of which are appropriated annually by the Legislature for the use of the Fish and Game Department.*

Capital Projects Fund: *Used to account for certain capital improvement appropriations which are or will be primarily funded by the issuance of State bonds or notes, other than bonds and notes for highway or turnpike purposes, or by the application of certain federal matching grants.*

Permanent Funds:

NH Hospital: *Consist of several trust funds that were made expressly for the benefit of patients at the NH Hospital through various bequeathals.*

Land Conservation Endowment: *The Conservation Land Stewardship Program (CLS), which is housed in the NH Office of Energy and Planning (OEP), monitors and stewards the 86 state-held Land Conservation Investment Program conservation easements.*

Other: *The other category consists of several accounts that report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the State or its citizenry. They include: Harriet Huntress, Hattie Livesey, John Nesmith, Special Teachers Comp., Sam Whidden Trust, Ben Thompson, the Guy Thompson Memorial, Matthew Elliott Trust, Connecticut Lake fund, NH Hospital Patient Banking, and Community Conservation Endowment Funds.*

STATE OF NEW HAMPSHIRE
COMBINING BALANCE SHEET
NON - MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016
(Expressed in Thousands)

			Permanent Funds				
	Fish & Game	Capital	NH Hospital	Land Conservation Endowment	Other Permanent	Total Permanent	Total Non-Major
ASSETS							
Cash and Cash Equivalents	$7,420	$5,279	$66	$36	$188	$290	$12,989
Investments			7,058	3,373	10,867	21,298	21,298
Receivables (Net)	1,490	11,301					12,791
Due from Other Funds		4,468					4,468
Inventories	747						747
Total Assets	9,657	21,048	7,124	3,409	11,055	21,588	52,293
LIABILITIES							
Accounts Payable	1,736	23,112					24,848
Accrued Payroll	774						774
Total Liabilities	2,510	23,112					25,622
FUND BALANCES							
Nonspendable:							
Inventories	747						747
Permanent Fund Principal			458	2,293	7,832	10,583	10,583
Restricted	3,286	(2,064)	6,666	1,116	3,223	11,005	12,227
Committed	2,028						2,028
Assigned	1,086						1,086
Total Fund Balances	7,147	(2,064)	7,124	3,409	11,055	21,588	26,671
Total Liabilities and Fund Balances	$9,657	$21,048	$7,124	$3,409	$11,055	$21,588	$52,293

See accompanying Independent Auditors' Report

STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Expressed in Thousands)

			Permanent Funds				
	Fish & Game	Capital	NH Hospital	Land Conservation Endowment	Other Permanent	Total Permanent	Total Non-Major
REVENUES							
Non-Business License Taxes	$10,325						$10,325
Fees	1,108	$1,300					2,408
Fines, Penalties and Interest	143						143
Grants from Federal Government	10,688	36,882					47,570
Grants from Private and Local Sources	220						220
Interest, Premiums and Discounts	52		144	61	184	389	441
Sale of Commodities	79						79
Grants from Other Agencies	3,924						3,924
Miscellaneous	585	1,709	573	200	557	1,330	3,624
Total Revenues	27,124	39,891	717	261	741	1,719	68,734
EXPENDITURES							
Current:							
Administration of Justice & Public Protection					158	158	158
Resource Protection and Development	25,787			440	795	1,235	27,022
Health and Social Services			628		80	708	708
Debt Service	393						393
Capital Outlay	1,646	101,765					103,411
Total Expenditures	27,826	101,765	628	440	1,033	2,101	131,692
Excess (Deficiency) of Revenues Over (Under) Expenditures	(702)	(61,874)	89	(179)	(292)	(382)	(62,958)
OTHER FINANCING SOURCES (USES)							
Transfers In	2,078	88					2,166
Total Other Financing Sources	2,078	88					2,166
Excess of Revenues & Other Sources Over Expenditures & Other Uses	1,376	(61,786)	89	(179)	(292)	(382)	(60,792)
Fund Balances - July 1	5,741	59,722	7,035	3,588	11,347	21,970	87,433
Change in Inventory	30						30
Fund Balances - June 30	$7,147	$(2,064)	$7,124	$3,409	$11,055	$21,588	$26,671

See accompanying Independent Auditors' Report

STATE OF NEW HAMPSHIRE
BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
FISH & GAME FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Expressed in Thousands)

	Fish and Game Fund			
	Budgeted Amounts			
	Original	Final	Actual (Budgetary Basis)	Variance with Final Budget-Positive (Negative)
REVENUES				
Non-Business License Taxes	$10,489	$10,702	$10,325	$(377)
Fees	2,674	2,905	1,426	(1,479)
Fines, Penalties and Interest	150	150	143	(7)
Grants from Federal Government	7,513	9,652	10,454	802
Grants from Private and Local Sources	1,165	1,287	220	(1,067)
Interest Premiums and Discounts	35	36	52	16
Sale of Commodities	614	623	329	(294)
Sale of Services	1,224	1,224	17	(1,207)
Grants from Other Agencies	6,511	6,840	3,924	(2,916)
Miscellaneous	1,811	1,851	1,016	(835)
Total Revenues	32,186	35,270	27,906	(7,364)
EXPENDITURES				
Resource Protection and Development	28,488	31,655	26,613	5,042
Debt Service	393	393	393	
Capital Outlays	1,646	1,646	1,646	
Total Expenditures	30,527	33,694	28,652	5,042
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,659	1,576	(746)	(2,322)
OTHER FINANCING SOURCES (USES)				
Transfers In			2,078	2,078
Transfers Out				
Miscellaneous			30	30
Total Other Financing Sources (Uses)			2,108	2,108
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	1,659	1,576	1,362	(214)
Fund Balance - July 1	6,667	6,667	6,667	
Fund Balance - June 30	$8,326	$8,243	$8,029	$(214)

Reconciliation of Budgetary To GAAP

The State's biennial budget is prepared on a basis other than GAAP. The "actual" results column of the Budget and Actual - Non-GAAP budgetary statement are presented on a "budgetary basis" to provide a meaningful comparison to budget.

The major differences between the budgetary basis and the GAAP basis are:

1. Expenditures are recorded when cash is paid or committed (budgetary), rather than when the obligation is incurred (GAAP). In addition, revenue based on these accruals is adjusted on a GAAP basis only.
2. On a GAAP basis, major inter-agency and intra-agency transactions are eliminated in order to not double count revenues and expenditures.

The following schedule reconciles the Fish and Game Fund of the primary government for differences between budgetary accounting methods and the GAAP basis accounting principles for the year ended June 30, 2016 (expressed in thousands).

	Fish & Game Fund
Deficiency of revenues and other financing sources under expenditures and other financing uses (Budgetary Basis)	$1,362
Adjustments and Reclassifications:	
To record change in Accounts Payable and Accrued Payroll	278
To Record change in Accounts Receivable	(234)
Deficiency of revenues and other financing sources under expenditures and other financing uses (GAAP Basis)	$1,406

See accompanying Independent Auditors' Report

State Revolving Fund

STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF NET POSITION
STATE REVOLVING FUND
JUNE 30, 2016
(Expressed in Thousands)

	Clean Water	Drinking Water	Total SRF Fund
ASSETS - (Restricted)			
Current Assets:			
Cash and Cash Equivalents	$211,744	$47,476	$259,220
Loans Receivable:			
Cap Grant - Wastewater/Regular	8,233	4,875	13,108
Cap Grant - Landfills	1,689		1,689
Repayment Loans	7,616	1,433	9,049
Total Loans Receivable	17,538	6,308	23,846
Other Current Assets	2,839	1,134	3,973
Total Current Assets	232,121	54,918	287,039
Noncurrent Assets:			
Loans Receivable:			
Cap Grant - Wastewater/Regular	138,095	95,657	233,752
Cap Grant - Landfills	8,547		8,547
Repayment Loans	101,329	25,600	126,929
Total Loans Receivable	247,971	121,257	369,228
Total Noncurrent Assets	247,971	121,257	369,228
Total Assets	480,092	176,175	656,267
DEFERRED OUTFLOWS OF RESOURCES	263	267	530
LIABILITIES			
Current Liabilities:			
Accounts Payable	259	975	1,234
Due to Other Funds	1,485		1,485
Bonds Payable	1,505	770	2,275
Accrued Payroll	146	149	295
Compensated Absence - current	101	69	170
Advanced Collection	19		19
Total Current Liabilities	3,515	1,963	5,478
Noncurrent Liabilities:			
Bonds Payable	6,522	3,338	9,860
Compensated Absence - noncurrent	404	277	681
Net Pension Liability	2,395	2,410	4,805
Total Noncurrent Liabilities	9,321	6,025	15,346
Total Liabilities	12,836	7,988	20,824
DEFERRED INFLOWS OF RESOURCES	161	146	307
NET POSITION			
Restricted for Environmental Loans	460,258	164,879	625,137
Restricted for SRF Programs	7,100	3,429	10,529
Total Net Position	$467,358	$168,308	$635,666

See accompanying Independent Auditors' Report

STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
STATE REVOLVING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Expressed in Thousands)

	Clean Water	Drinking Water	Total SRF Fund
OPERATING REVENUES			
Loan Interest	$1,486	$592	$2,078
Capitalized Loan Interest	225		225
Management Fees	3,433	1,588	5,021
Total Operating Revenue	5,144	2,180	7,324
OPERATING EXPENSES			
Principal Forgiveness	2,820	1,135	3,955
Small System Set-Aside Costs	3,486	81	3,567
Small Program Management Costs		1,115	1,115
Local Assistance Set-Aside Costs		1,262	1,262
Administration		1,984	1,984
Total Operating Expenses	6,306	5,577	11,883
Operating Loss	(1,162)	(3,397)	(4,559)
NONOPERATING REVENUES (EXPENSES)			
Investment Income	321	65	386
Federal Grant Revenue	8,416	17,958	26,374
State Contributions		2,881	2,881
Miscellaneous	(189)	(97)	(286)
Total Nonoperating Revenues	8,548	20,807	29,355
Income Before Transfers	7,386	17,410	24,796
Change in Net Position	7,386	17,410	24,796
Net Position - July 1	459,972	150,898	610,870
Net Position - June 30	$467,358	$168,308	$635,666

See accompanying Independent Auditors' Report

Internal Service Fund

STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF NET POSITION
EMPLOYEE BENEFIT RISK MANAGEMENT FUND
JUNE 30, 2016
(Expressed in Thousands)

	Health				
ASSETS	**Active**	**Retirees**	**Total**	**Dental**	**Total**
Current Assets:					
Cash and Cash Equivalents	$30,317	$8,924	$39,241	$719	$39,960
Accounts Receivable	3,059	6,352	9,411	38	9,449
Total Assets	33,376	15,276	48,652	757	49,409
LIABILITIES					
Current Liabilities:					
Accounts Payable	1,397	528	1,925	29	1,954
Claims Payable	4,838	1,348	6,186	365	6,551
Incurred but not Reported (IBNR)	8,949	5,300	14,249	393	14,642
Total Liabilities	15,184	7,176	22,360	787	23,147
NET POSITION					
Unrestricted Net Position (Deficit)	$18,192	$8,100	$26,292	$(30)	$26,262

See accompanying Independent Auditors' Report

STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
EMPLOYEE BENEFIT RISK MANAGEMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Expressed in Thousands)

	Health				
	Active	**Retirees**	**Total**	**Dental**	**Total**
OPERATING REVENUES					
Contributions For Health Benefits					
State Contributions:					
Active Employees	$160,798		$160,798	$9,754	$170,552
Retired Judges & Constitutional Officers		$609	609		609
Retired Employees		51,224	51,224		51,224
Non-State Contributions:					
Employee and Retiree Premiums	10,411	4,947	15,358	795	16,153
Other Employers	2,452		2,452	125	2,577
COBRA Participants	211	4	215	111	326
Legislator Participants	591	330	921	86	1,007
Retirement Subsidies & Deductions		12,761	12,761		12,761
Recoveries, Subsidies & Rebates	6,801	14,113	20,914	10	20,924
Total Contributions for Health Benefits	181,264	83,988	265,252	10,881	276,133
Total Charges for Sales and Services	181,264	83,988	265,252	10,881	276,133
OPERATING EXPENSES					
Health Care Expenses:					
Medical Payments	134,006	40,834	174,840	11,245	186,085
Pharmaceuticals	37,010	39,135	76,145		76,145
Ancillary Benefits	616		616		616
Total Health Care Expenses	171,632	79,969	251,601	11,245	262,846
Administrative Expenses	7,442	5,477	12,919	348	13,267
Total Operating Expenses	179,074	85,446	264,520	11,593	276,113
Operating Income (Loss)	2,190	(1,458)	732	(712)	20
Change in Net Position	2,190	(1,458)	732	(712)	20
Net Position - July 1	16,002	9,558	25,560	682	26,242
Net Position (Deficit) - June 30	$18,192	$8,100	$26,292	$(30)	$26,262

See accompanying Independent Auditors' Report

Non-Major Component Units

STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF NET POSITION
NON-MAJOR COMPONENT UNITS
JUNE 30, 2016
(Expressed in Thousands)

	Business Finance Authority	Community Development Finance Authority	Pease Development Authority	Community College System of New Hampshire	Total
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$5,292	$3,393	$1,713	$10,240	$20,638
Cash and Cash Equivalents-Restricted	16,364	2,947	597		19,908
Investments		5,651		8,548	14,199
Accounts Receivable	119	1,656	589		2,364
Other Receivables	1	216	1,093	1,243	2,553
Notes Receivable - Current Portion	8,193	1,531		121	9,845
Prepaid Expenses & Other	469	508	467	1,168	2,612
Total Current Assets	30,438	15,902	4,459	21,320	72,119
Noncurrent Assets:					
Investments		718		15,616	16,334
Notes & Other Receivables	19,935	6,018		3,235	29,188
Other Assets	4,507				4,507
Capital Assets:					
Land & Land Improvements			7,521	7,651	15,172
Building & Building Improvements			139,271	183,052	322,323
Equipment	34	197	13,696	17,841	31,768
Construction in Progress			534	2,543	3,077
Less: Accumulated Depreciation	(34)	(148)	(92,434)	(89,371)	(181,987)
Net Capital Assets		49	68,588	121,716	190,353
Total Noncurrent Assets	24,442	6,785	68,588	140,567	240,382
Total Assets	54,880	22,687	73,047	161,887	312,501
DEFERRED OUTFLOWS OF RESOURCES			776	6,992	7,768
LIABILITIES					
Current Liabilities:					
Accounts Payable	6	115	2,134	1,388	3,643
Accrued Salaries and Wages				6,320	6,320
Accrued Employee Benefits - Current	21				21
Other Payables & Accrued Expenses	62	6,936			6,998
Other Liabilities				295	295
Deposits and Unearned Revenues		654	597	1,095	2,346
Long Term Debt-Current Portion			116	2,842	2,958
Total Current Liabilities	89	7,705	2,847	11,940	22,581
Noncurrent Liabilities:					
Net Pension Liabilities			4,256	60,334	64,590
Other Long Term Debt	29,415		458	25,064	54,937
Total Noncurrent Liabilities	29,415		4,714	85,398	119,527
Total Liabilities	29,504	7,705	7,561	97,338	142,108
DEFERRED INFLOWS OF RESOURCES	2,751		207	4,396	7,354
NET POSITION					
Net Investment in Capital Assets			67,845	102,488	170,333
Restricted for Specific Purpose	27,723	12,659	1,421	18,719	60,522
Unrestricted Net Position (Deficit)	(5,098)	2,323	(3,211)	(54,062)	(60,048)
Total Net Position	$22,625	$14,982	$66,055	$67,145	$170,807

See accompanying Independent Auditors' Report

STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Expressed in Thousands)

	Business Finance Authority	Community Development Finance Authority	Pease Development Authority	Community College System of New Hampshire	Total
Expenses	$1,425	$10,679	$17,315	$129,766	$159,185
Program Revenues:					
Charges for Services:					
Tuition & Fees				67,003	67,003
Scholarship Allowances				(1,097)	(1,097)
Sales, Services, & Other Revenue	2,438	1,720	14,158	17,522	35,838
Operating Grants & Contributions		7,772	671		8,443
Capital Grants & Contributions				1,506	1,506
Total Program Revenues	2,438	9,492	14,829	84,934	111,693
Net Revenues (Expenses)	1,013	(1,187)	(2,486)	(44,832)	(47,492)
Interest & Investment Income	15	97	3	93	208
Payments from State of New Hampshire				50,228	50,228
Change in Net Position	1,028	(1,090)	(2,483)	5,489	2,944
Net Position - July 1	21,597	16,072	68,538	61,656	167,863
Net Position - June 30	$22,625	$14,982	$66,055	$67,145	$170,807

See accompanying Independent Auditors' Report

Fiduciary Funds

Pension Trust Funds

The New Hampshire Retirement System consists of a cost-sharing multiple-employer contributory pension plan (NHRS) and trust established in 1967 by RSA 100:A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code and four separate cost-sharing multiple-employer postemployment medical subsidy healthcare plans.

NHRS: *the pension plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State of New Hampshire are eligible and required to participate in the System. Full-time employees of political subdivisions, including counties, municipalities and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.*

Other Postemployment Medical Plans (OPEB): *Pursuant to RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b New Hampshire Retirement System administers four defined benefit postemployment medical subsidy healthcare plans designated in statute by membership type. The four plans are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees and Group I State Employees, collectively referred to as the OPEB Plans.*

Judicial Retirement Plan

The New Hampshire Judicial Retirement Plan (NHJRP) was established on January 1, 2005 pursuant to RSA 100-C:2 and is intended for all time to meet the requirements of a qualified pension trust within the meaning of section 401(a) and to qualify as a governmental plan within the meaning of section 414(d) of the United States Internal Revenue Code. It is a defined benefit plan providing disability, death, and retirement protection for full-time supreme court, superior court, district court or probate court judges employed within the State.

STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF PLAN NET POSITION
PENSION TRUST FUNDS
JUNE 30, 2016
(Expressed in Thousands)

		Other Postemployment Medical Plans (OPEB)					
	Pension Plan	Group II Police Officer & Firefighter	Group I Teachers	Group I Political Subdivisions	Group I State Employees	Judicial Retirement Plan	Total
ASSETS							
Cash & Cash Equivalents	$6,723	$8		$15	$1	$1,048	$7,795
Total Cash	6,723	8		15	1	1,048	7,795
Receivables:							
Due from Employers	46,545					336	46,881
Due from Plan Members	22,389					40	22,429
Due from Group 1 Teacher OPEB Plan		1,478		2,802	203		4,483
Due from Brokers for Securities Sold	29,853	36		67	5		29,961
Interest and Dividends	17,793	21		40	3	146	18,003
Other	1,669	2		4		40	1,715
Total Receivables	118,249	1,537		2,913	211	562	123,472
Investments							
Cash & Cash Equivalents	140,281	166		317	23		140,787
Equity Investments							
Domestic	2,581,287	3,079		5,831	422	18,310	2,608,929
International	1,098,989	1,310		2,483	180	6,962	1,109,924
Fixed Income Investments							
Domestic	1,512,607	1,804		3,417	248	7,231	1,525,307
International	246,445	294		557	40		247,336
Commercial Real Estate	785,098	936		1,774	129		787,937
Alternative Investments	981,425	1,170		2,217	161	12,809	997,782
Total Investments	7,346,132	8,759		16,596	1,203	45,312	7,418,002
Other Assets	189						189
Total Assets	7,471,293	10,304		19,524	1,415	46,922	7,549,458
LIABILITIES							
Management Fees and Other Payables	8,426	10		19	1	16	8,472
Due to Group 1 Political Subdivision OPEB Plan			$2,802				2,802
Due to Group II Police & Fire OPEB Plan			1,478				1,478
Due to Group I State Employee OPEB Plan			203				203
Due to Brokers for Securities Purchased	28,549	34		64	5		28,652
Total Liabilities	36,975	44	4,483	83	6	16	41,607
NET POSITION							
Net Position (Deficit) Restricted for Pension and Other Post Employment Benefits (OPEB)	$7,434,318	$10,260	$(4,483)	$19,441	$1,409	$46,906	$7,507,851

See accompanying Independent Auditors' Report

STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
PENSION TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Expressed in Thousands)

		Other Postemployment Medical Plans (OPEB)					
	Pension Plan	Group II Police Officer & Firefighter	Group I Teachers	Group I Political Subdivisions	Group I State Employees	Judicial Retirement Plan	Total
ADDITIONS							
Contributions:							
Employer	$357,482	$15,854	$31,791	$1,938	$8,591	$5,470	$421,126
Plan Members	207,949					664	208,613
Total Contributions	565,431	15,854	31,791	1,938	8,591	6,134	629,739
Investment Income:							
From Investing Activities:							
Net Appreciation (Depreciation) in Fair Value of Investments	(72,904)	(64)		(61)	(50)	(1,400)	(74,479)
Interest	53,850	47		45	37	1,246	55,225
Dividends	73,987	65		62	51		74,165
Alternative Investment Income	22,521	20		19	16		22,576
Net Real Estate Income	8,341	7		7	6		8,361
Total Income from Investing Activities	85,795	75		72	60	(154)	85,848
Less: Investment Activity Expenses:							
Investment Management Fees	21,954	20		17	16	60	22,067
Custodial Fees	622	1		1		36	660
Investment Administrative Expense	608	1		1			610
Investment Advisor Fees	733			1	1		735
Total Investment Activity Expenses	23,917	22		20	17	96	24,072
Total Net Income (loss) from Investing Activities	61,878	53		52	43	(250)	61,776
Total Net Investment Income (loss)	61,878	53		52	43	(250)	61,776
Interest Income		257		486	35		778
Other							
Total Additions	627,309	16,164	31,791	2,476	8,669	5,884	692,293
DEDUCTIONS							
Benefits/Distributions to Participants	670,360	16,528	21,772	5,681	7,824	5,694	727,859
Refunds of Contributions	24,233						24,233
Administrative Expense	7,061	6		6	5	208	7,286
Professional Fees	950			1	1		952
Interest Expense			778				778
Other	313	1					314
Total Deductions	702,917	16,535	22,550	5,688	7,830	5,902	761,422
Change in Net Position	(75,608)	(371)	9,241	(3,212)	839	(18)	(69,129)
Net Position (Deficit) - July 1	7,509,926	10,631	(13,724)	22,653	570	46,924	7,576,980
Net Position (Deficit) - June 30	$7,434,318	$10,260	$(4,483)	$19,441	$1,409	$46,906	$7,507,851

See accompanying Independent Auditors' Report

Private - Purpose Trust Funds

Special Fund for Second Injury*: The intent of the Second injury fund is to equalize the compensation costs that the employer and their insurance company must pay for impaired and non-impaired workers alike, thereby removing a potential barrier to the employment of impaired workers. This fund gives employers the opportunity to limit their compensation costs in the event that an impaired employee sustains a workers compensation injury, which leaves the worker more disabled than the same injury would leave a non-impaired worker. Each carrier and self-insured employer pays into the fund based on a formula per statute. Reimbursements for compensable payments made by insurance carriers and self-insured employers, are made only upon written order by the Labor Commissioner to the State Treasurer. The State Treasurer is the custodian of the fund and all moneys and securities in the fund are held in trust by the treasurer and do not constitute money or property of the State.*

Electrical Assistance Program Utility Fund: *The Electrical Assistance Program (EAP) was developed by the Public Utilities Commission (PUC) to respond to the Legislature's call for low-income programs as part of electric restructuring. Accordingly, PUC issued an order approving a program to provide bill assistance to customers, and set up this fund. This program provides income-eligible customers with discounts on their electric bills. Customer bills for low-income assistance are adjusted by the utility company. The state treasurer is the custodian of the fund, and all moneys and securities in the fund are held in trust by the State Treasurer and do not constitute money or property of the State. According to the Consumer Affairs Director at PUC, if the Electrical Assistance Program (EAP) were to cease operations, the funds would not remain with Treasury, the custodian of the funds, they would be have to be returned to the rate payers.*

College Savings: *This fund is The New Hampshire Excellence in Higher Education Endowment Trust Fund; a non state program which has the purpose of providing scholarships for the benefit of residents of the state of New Hampshire who are pursuing programs of study at eligible educational institutions within the State. Funding will come from a portion of the administrative proceeds of New Hampshire's UNIQUE College Investing Plan. The fund is administered by the New Hampshire College Tuition Savings Plan Advisory Commission, and scholarships will be granted based on need and merit. The State Treasurer is the trustee of the fund.*

Other: *The other category consists of several accounts whose trust arrangements provide principal and income to benefit individuals, private organizations or other governments. They include: NH Veterans Home Funds, Prison Funds, Japanese Charitable Trust, Youth Development Center, YDC Other Funds, the Special Fund for Active Cases, Tip-Top House Fund, and NH Hospital Patient Banking.*

STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF NET POSITION
PRIVATE - PURPOSE TRUST FUNDS
JUNE 30, 2016
(Expressed in Thousands)

	Private-Purpose Trust Funds				
	Special Fund for Second Injuries	EAP	College Savings	Other	Total Private-Purpose
ASSETS					
Cash and Cash Equivalents	$1,850	$918	$22	$710	$3,500
Investments			2,445	767	3,212
Total Assets	1,850	918	2,467	1,477	6,712
LIABILITIES					
Total Liabilities					
Net Position Held in Trust for Benefits & Other Purposes	$1,850	$918	$2,467	$1,477	$6,712

See accompanying Independent Auditors' Report

STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF CHANGES IN NET POSITION
PRIVATE - PURPOSE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Expressed in Thousands)

	Private-Purpose Trust Funds				
	Special Fund for Second Injuries	EAP	College Savings	Other	Total Private-Purpose
ADDITIONS					
Contributions:					
From Participants	$14,249	$1,254	$12,702	$3,020	$31,225
Total Contributions	14,249	1,254	12,702	3,020	31,225
Interest Income	25		65	16	106
Other			134	101	235
Total Additions	14,274	1,254	12,901	3,137	31,566
DEDUCTIONS					
Benefits/Distributions to Participants	16,206	1,352	12,876	692	31,126
Other			440	2,480	2,920
Total Deductions	16,206	1,352	13,316	3,172	34,046
Change in Net Position	(1,932)	(98)	(415)	(35)	(2,480)
Net Position - July 1	3,782	1,016	2,882	1,512	9,192
Net Position - June 30	$1,850	$918	$2,467	$1,477	$6,712

See accompanying Independent Auditors' Report

Agency Funds

Unified Court System: *These funds are litigation accounts. When a party sues another party funds are held in the Judicial Branch Trust Funds until a judgment is made. These trust funds are classified by the court; Superior, Probate, District and Family Division, and have several account types within each court.*

Child Support Funds: *There are currently five non-state program funds reported under the child support funds and all function in a custodial capacity for the benefit of child support recipients. The Payroll account has the most activity and resulted from the transfer of activity from the Department of Probation to the Division of Human Services (Welfare) in 1981. This account includes the checking account for the dollars received and disbursed on behalf of those receiving Child Support. The revolving fund was established to make timely payment of certain child support enforcement services costs. The purpose of the child support enforcement program is to obtain from responsible parents reimbursement of financial assistance provided their dependent children. The Department of Health and Human Services, Division of Child Support Services, has an agreement with Xerox Business Services, LLC to manage the billing, collection and telecommunication system operated on a statewide basis as part of the automated child support system, which is labeled the Lockbox account. This lockbox functions as DCSS' State Disbursement Unit (SDU). An SDU must be capable of receiving, recording and depositing wage assignments from employers and direct payments from non-custodial parents. Within 48 hours of receiving a payment, an SDU must make an accurate distribution of payments to families throughout New Hampshire, the remaining states and territories, and several foreign countries. The other two funds are used for collections related to Juvenile Services restitution cases and court repayment of lawyer's fees.*

Lifetime License Fund: *The monies received by Fish and Game from the sale of lifetime licenses are deposited with the State Treasurer who shall keep the same in a separate fund. The State Treasurer shall invest the monies in the fund and shall annually transfer to fish and game an amount equal to 9 percent of the principal balance in the fund each year and any interest that accrues to the fund in excess of 5 percent. In addition, the State Treasurer shall pay the amount of one annual license fee to fish and game from the proceeds of each lifetime license sold during the current year, the balance going into the prepaid license fund.*

Board of Tax and Land Appeals: *The Board of Tax and Land Appeals has an escrow account that is used for deposits of damages filed with the board on behalf of condemnees due to eminent domain takings. The condemnor shall be entitled to possession or right of entry upon deposit with the board of the amount of just compensation as estimated by the condemnor. The Board shall pay over the sum deposited upon demand to the condemnee.*

Other: *The other category consists of several accounts whose assets and liabilities for deposits and investments have been entrusted to the state as an agent for others. The following make up this category, Glencliff Home, Financial Responsibility, NHH Patient Banking, Safety Road Toll, NH Veterans Home Member Account, Pari-Mutuel Comm. Licensee Escrow, State of NH Racing Casablanca, DOL Crown Paper Workers Comp Fund, VOIP Escrow, Various Corrections Funds, National Seminars Group, Laconia State School Training Center, Videll Healthcare, DHHS DCYF as Guardiam for 01, DHHS as Guardian for 02, John Mason Institute, Stone Markers Corp and NHSLRP/JUA Escrow Account.*

STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2016
(Expressed in Thousands)

	Agency funds					
	Unified Court System	Child Support Funds	Lifetime License Fund	Board of Tax and Land Appeals	Other Agency Funds	Total
ASSETS						
Cash and Cash Equivalents	$5,551	$2,265	$1,609	$375	$3,630	$13,430
Investments					272	272
Total Assets	$5,551	$2,265	$1,609	$375	$3,902	$13,702
LIABILITIES						
Custodial Funds Payable	$5,551	$2,265	$1,609	$375	$3,902	$13,702
Total Liabilities	$5,551	$2,265	$1,609	$375	$3,902	$13,702

See accompanying Independent Auditors' Report

STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Expressed in Thousands)

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Unified Court System				
ASSETS				
Cash and Cash Equivalents	$6,347	$13,423	$14,219	$5,551
LIABILITIES				
Custodial Funds Payable	$6,347	$13,423	$14,219	$5,551
Child Support Funds				
ASSETS				
Cash and Cash Equivalents	$1,921	$87,743	$87,399	$2,265
LIABILITIES				
Custodial Funds Payable	$1,921	$87,743	$87,399	$2,265
Lifetime License Fund				
ASSETS				
Cash and Cash Equivalents	$1,359	$430	$180	$1,609
LIABILITIES				
Custodial Funds Payable	$1,359	$430	$180	$1,609
Board of Tax and Land Appeals				
ASSETS				
Cash and Cash Equivalents	$503	$2,932	$3,060	$375
LIABILITIES				
Custodial Funds Payable	$503	$2,932	$3,060	$375
Other Agency Funds				
ASSETS				
Cash and Cash Equivalents	$3,909	$6,194	$6,473	$3,630
Investments	19	253		272
Total Assets	$3,928	$6,447	$6,473	$3,902
LIABILITIES				
Custodial Funds Payable	$3,928	$6,447	$6,473	$3,902
Totals - Agency Funds				
ASSETS				
Cash and Cash Equivalents	$14,039	$110,722	$111,331	$13,430
Investments	19	253		272
Total Assets	$14,058	$110,975	$111,331	$13,702
LIABILITIES				
Custodial Funds Payable	14,058	110,975	111,331	13,702
Total Liabilities	$14,058	$110,975	$111,331	$13,702

See accompanying Independent Auditors' Report

Statistical Section

(Unaudited)

The Statistical Section provides additional historical perspective, context, and detail to assist financial statement users in understanding the State of New Hampshire's overall financial health.

Financial Trends

These tables contain trend information to help users in understanding how the State's financial position has changed over time.

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Schedule of Fund Balances, Governmental Funds 132
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Schedule of Unrestricted Revenue - GAAP Basis - General Fund 134
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Revenue Capacity

These tables contain information to help users in understanding and assessing the factors affecting the State's ability to generate its revenues

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Debt Capacity

These tables present information to help users assess the affordability of the State's current levels of outstanding debt.

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These tables offer demographic and economic indicators to help users understand the environment within which the State's financial activities take place.

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These tables contain information about the State's operations and resources to help users understand how the State's financial information relates to the services the State provides and the activities it performs

Schedule of Operating Indicators by Function 148
Schedule of State Employees by Function 152
Schedule of Capital Asset Balances by Function 153

STATE OF NEW HAMPSHIRE
SCHEDULE OF NET POSITION BY COMPONENT
LAST TEN YEARS
(Accrual Basis Accounting, Expressed in Thousands)

	Fiscal Year				
	2016	**2015**	**2014**	**2013**	**2012**
Governmental activities					
Invested in capital assets, net of related debt	$2,206,073	$2,036,066	$2,013,107	$2,022,477	$1,992,798
Restricted	418,702	152,702	108,658	106,027	23,722
Unrestricted	(1,602,034)	(1,639,487)	(790,120)	(716,379)	(742,680)
Total governmental activities net assets	$1,022,741	$549,281	$1,331,645	$1,412,125	$1,273,840
Business-type activities					
Invested in capital assets, net of related debt	$502,720	$485,461	$462,660	$433,001	$409,841
Restricted	997,892	965,691	929,609	857,061	767,581
Unrestricted	17,012	(11,045)	33,869	33,412	26,647
Total business-type activities net assets	$1,517,624	$1,440,107	$1,426,138	$1,323,474	$1,204,069
Primary government					
Invested in capital assets, net of related debt	$2,708,793	$2,521,527	$2,475,767	$2,455,478	$2,402,639
Restricted	1,416,594	1,118,393	1,038,267	963,088	791,303
Unrestricted	(1,585,022)	(1,650,532)	(756,251)	(682,967)	(716,033)
Total primary government net assets	$2,540,365	$1,989,388	$2,757,783	$2,735,599	$2,477,909

	Fiscal Year				
	2011	**2010**	**2009**	**2008**	**2007**
Governmental activities					
Invested in capital assets, net of related debt	$1,885,451	$1,685,975	$1,695,688	$1,674,011	$1,547,866
Restricted	25,403	463,498	291,513	366,662	355,883
Unrestricted	(631,237)	(25,524)	3,102	213,570	477,791
Total governmental activities net assets	$1,279,617	$2,123,949	$1,990,303	$2,254,243	$2,381,540
Business-type activities					
Invested in capital assets, net of related debt	$273,365	$227,358	$341,422	$316,330	$298,150
Restricted	688,864	102,937	150,387	264,782	307,056
Unrestricted	64,574	59,367	41,360	35,234	21,747
Total business-type activities net assets	$1,026,803	$389,662	$533,169	$616,346	$626,953
Primary government					
Invested in capital assets, net of related debt	$2,158,816	$1,913,333	$2,037,110	$1,990,341	$1,846,016
Restricted	714,267	566,435	441,900	631,444	662,939
Unrestricted	(566,663)	33,843	44,462	248,804	499,538
Total primary government net assets	$2,306,420	$2,513,611	$2,523,472	$2,870,589	$3,008,493

See accompanying Independent Auditors' Report

STATE OF NEW HAMPSHIRE
SCHEDULE OF CHANGES IN NET POSITION
LAST TEN YEARS
(Accrual Basis Accounting, Expressed in Thousands)

	Fiscal Year				
	2016	**2015**	**2014**	**2013**	**2012**
Governmental Activities:					
Expenses					
General government	$445,931	$442,490	$425,806	$428,738	$467,022
Administration of justice and public protection	469,263	528,840	480,720	528,734	520,958
Resource protection and development	156,899	156,795	140,316	156,148	142,153
Transportation	500,899	501,461	541,058	410,758	310,736
Health and social services	2,717,099	2,406,752	2,153,341	2,009,403	1,959,017
Education	1,358,215	1,346,431	1,335,566	1,329,015	1,342,002
Interest expense	54,748	41,877	31,548	27,666	41,349
Total expenses	5,703,054	5,424,646	5,108,355	4,890,462	4,783,237
Charges for services:					
General government	$309,072	273,145	233,697	310,150	296,152
Administration of justice and public protection	401,255	358,571	366,654	340,088	306,509
Resource protection and development	89,441	86,294	80,317	58,460	65,453
Transportation	16,257	28,470	31,682	46,543	89,074
Health and social services	144,354	271,752	301,986	189,426	178,484
Education	2,170	5,024	5,017	11,963	27,051
Operating grants and contributions	2,137,529	1,895,332	1,641,790	1,602,922	1,622,317
Capital grants and contributions	169,643	197,400	218,351	183,676	193,546
Total program revenues	3,269,721	3,115,988	2,879,494	2,743,228	2,778,586
Total Governmental Activities Net Program Expense	(2,433,333)	(2,308,658)	(2,228,861)	(2,147,234)	(2,004,651)
General Revenues and Other Changes in Net Assets					
Taxes					
General property taxes	407,276	408,678	398,419	400,563	397,716
Business Income Taxes	693,691	564,562	546,829	538,365	486,535
Meals and Rental Tax	302,473	280,792	263,050	248,574	239,067
Special taxes	521,574	370,000	290,020	359,967	370,050
Personal taxes	226,803	221,501	219,903	205,849	214,928
Business license taxes	182,582	181,278	145,658	144,023	143,888
Interest and investment income	17,015	15,172	16,343	13,167	10,968
Miscellaneous	43,884	47,846	52,005	71,028	46,985
Special Item - Environmental Litigation Settlements	276,457			90,700	
Transfers/Contributions of assets to other entities			(653)	(4,484)	(117,709)
Transfers	235,038	228,098	216,807	217,767	206,446
Total General Revenues and Other Changes in Net Position	2,906,793	2,317,927	2,148,381	2,285,519	1,998,874
Total Governmental Activities Change in Net Position	$473,460	$9,269	$(80,480)	$138,285	$(5,777)
Business-type Activities:					
Expenses					
Turnpike System	$88,091	$116,372	$90,243	$88,119	$86,166
Liquor Commission	531,064	497,091	482,158	463,843	433,631
Lottery Commission	229,488	210,254	205,052	207,509	190,566
SRF Fund	9,288	22,962	21,541	19,950	33,031
Unemployment Compensation	79,569	93,450	124,654	168,280	220,391
Total expenses	937,500	940,129	923,648	947,701	963,785
Revenues					
Charges for services:					
Turnpike System	135,588	127,781	122,384	121,112	123,489
Liquor Commission	688,374	649,154	630,812	603,575	575,233
Lottery Commission	308,570	287,453	280,561	285,232	260,990
SRF Fund	7,710	9,605	10,788	11,381	13,874
Unemployment Compensation	83,352	99,930	160,095	228,612	305,256
Operating grants and contributions	26,374	46,986	36,876	25,031	21,869
Capital grants and contributions	87	74	3,108	5,446	201
Total revenues	1,250,055	1,220,983	1,244,624	1,280,389	1,300,912
Total Business-type Activities Net Program Revenue	312,555	280,854	320,976	332,688	337,127
Other Changes in Net Position					
Transfer/Contribution of Capital Assets			653	4,484	46,585
Transfers	(235,038)	(228,098)	(216,807)	(217,767)	(206,446)
Total Other Changes in Net Position	(235,038)	(228,098)	(216,154)	(213,283)	(159,861)
Total Business-type Activities Change in Net Position	$77,517	$52,756	$104,822	$119,405	$177,266
Total Primary Government Change in Net Position	$550,977	$62,025	$24,342	$257,690	$171,489

See accompanying Independent Auditors' Report

STATE OF NEW HAMPSHIRE
SCHEDULE OF CHANGES IN NET POSITION
LAST TEN YEARS - CONTINUED
(Accrual Basis Accounting, Expressed in Thousands)

Fiscal Year				
2011	**2010**	**2009**	**2008**	**2007**
$525,152	$568,119	$495,720	$420,367	$358,060
506,824	474,095	438,273	420,120	341,501
132,690	178,406	139,574	138,215	139,096
456,652	587,542	518,415	443,258	411,475
2,177,806	2,162,636	1,980,286	1,877,924	1,714,445
1,484,909	1,469,926	1,346,221	1,343,253	1,310,261
47,334	32,074	31,546	26,115	28,180
5,331,367	5,472,798	4,950,035	4,669,252	4,303,018
299,148	317,542	208,219	192,436	156,973
341,099	411,353	315,081	315,613	297,505
70,017	76,960	64,216	62,406	64,304
60,009	69,046	33,249	19,093	14,564
109,034	123,906	98,491	76,392	74,297
4,002	8,550	(1,330)	879	42,767
1,824,734	1,948,200	1,599,262	1,424,014	1,367,207
146,267	223,103	208,309	194,637	184,409
2,854,310	3,178,660	2,525,497	2,285,470	2,202,026
(2,477,057)	(2,294,138)	(2,424,538)	(2,383,782)	(2,100,992)
396,272	393,296	395,151	387,952	384,708
402,004	565,825	482,597		
234,852	231,663	211,414		
429,628	464,519	473,215	1,329,137	1,383,540
226,649	243,499	188,038	166,288	143,610
160,847	146,684	145,973	151,321	151,472
8,552	7,037	15,291	18,169	35,631
29,926	49,648	56,174	48,314	43,695
(13,788)	116,565		(106)	
205,294	209,048	192,745	188,602	186,542
2,080,236	2,427,784	2,160,598	2,289,677	2,329,198
$(396,821)	$133,646	$(263,940)	$(94,105)	$228,206
$91,331	$82,237	$80,433	$80,411	$72,136
415,816	397,490	385,794	367,847	349,084
167,961	168,853	172,630	186,906	186,907
5,412				
284,773	458,098	280,385	119,645	95,673
965,293	1,106,678	919,242	754,809	703,800
118,852	120,511	107,593	107,075	89,408
558,605	530,936	507,479	479,448	454,917
232,597	237,591	243,890	264,014	267,322
9,586				
341,157	399,746	165,896	77,051	79,777
61,470				
24,162		3,952	8,816	10,422
1,346,429	1,288,784	1,028,810	936,404	901,846
381,136	182,106	109,568	181,595	198,046
13,788	(116,565)			
(205,294)	(209,048)	(192,745)	(188,602)	(186,542)
(191,506)	(325,613)	(192,745)	(188,602)	(186,542)
$189,630	$(143,507)	$(83,177)	$(7,007)	$11,504
$(207,191)	$(9,861)	$(347,117)	$(101,112)	$239,710

See accompanying Independent Auditors' Report

STATE OF NEW HAMPSHIRE
SCHEDULE OF FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN YEARS
(Accrual Basis Accounting, Expressed in Thousands)

	Fiscal Year					
	2016	**2015**	**2014**	**2013**	**2012**	**2011**
General fund						
Nonspendable:						
Inventories	$4,680	$5,145	$4,712	$5,092	$5,892	$6,649
Restricted	486,626	195,546	109,417	104,687	24,933	161,043
Committed	34,411	37,553	116,325	123,245	137,764	92,883
Assigned	24,962	26,631	35,765	25,509	24,984	27,356
Unassigned:						
Revenue Stabilization	93,043	22,326	9,312	9,312	9,312	9,312
Other	88,489	49,000	21,890	72,177	13,836	17,672
Total General Fund	$732,211	$336,201	$297,421	$340,022	$216,721	$314,915
All Other Governmental Funds						
Nonspendable:						
Inventories	$18,493	$17,791	$14,965	$12,063	$13,147	$12,401
Permanent Fund Principal	10,583	11,019	11,358	7,076	10,305	6,665
Restricted	124,272	199,114	212,518	174,174	193,102	115,448
Committed	2,028	1,733	1,304	14,048	15,397	1,469
Assigned	5,643	4,819	6,304	60,587	40,192	37,770
Unassigned						(33,577)
Total All Other Governmental Funds	161,019	234,476	246,449	267,948	272,143	140,176
Total Fund Balances - Governmental Funds	$893,230	$570,677	$543,870	$607,970	$488,864	$455,091

	Fiscal Year			
	2010	**2009**	**2008**	**2007**
General fund				
Reserved	$305,243	$291,901	$330,064	$294,199
Unreserved	65,681		17,184	61,713
Total general fund	$370,924	$291,901	$347,248	$355,912
All other governmental funds				
Reserved	$132,435	$165,743	$304,436	$222,264
Unreserved, reported in:				
Special revenue funds	12,477	(50,281)	(23,511)	(15,385)
Capital project fund	(63,519)	(132,927)	(245,939)	(142,837)
Total all other governmental funds	$81,393	$(17,465)	$34,986	$64,042

Note: Beginning fiscal year 2011, the fund balance categories were reclassified as a result of implementing GASB Statement 54. Fund balance has not been restated for prior years.

See accompanying Independent Auditors' Report

STATE OF NEW HAMPSHIRE
SCHEDULE OF CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN YEARS
(Accrual Basis Accounting, Expressed in Thousands)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
General property taxes	$406,677	$404,579	$399,519	$397,162	$396,316	$396,272	$393,296	$392,951	$387,552	$385,308
Special taxes	1,520,222	1,210,649	1,101,388	1,160,348	1,124,025	1,169,883	1,208,180	1,168,412	1,352,476	1,301,889
Personal taxes	227,003	221,300	219,903	205,849	214,928	226,649	243,499	188,038	166,288	143,610
Business License Taxes	205,162	204,975	166,840	163,736	163,764	181,730	165,508	166,930	172,277	171,316
Non-Business License Taxes	217,595	210,697	187,642	186,839	174,103	199,550	216,878	183,974	187,103	181,171
Fees	187,965	182,947	186,173	176,781	177,570	190,902	194,331	155,528	153,675	143,541
Fines, Penalties and Interest	15,246	13,974	7,931	14,010	25,118	11,111	11,953	28,498	35,383	27,421
Grants from Federal Government	2,157,393	1,934,969	1,701,117	1,603,132	1,649,458	1,929,010	2,073,667	1,680,891	1,497,606	1,409,251
Grants from Private and Local Sources	167,032	171,660	173,202	192,422	171,043	122,179	112,077	160,365	147,682	130,297
Rents and Leases	149	1,226	156	2,396	2,784	3,030	10,350	1,574	1,051	1,396
Interest, Premiums and Discounts	18,390	16,668	17,783	14,542	12,279	14,917	12,289	19,774	24,440	46,286
Sale of Commodities	21,021	24,793	24,392	25,071	12,546	12,506	11,829	10,921	10,465	8,425
Sale of Service	29,316	32,320	25,163	73,665	78,010	90,458	93,667	76,489	62,499	93,054
Assessments	62,847	60,653	71,492	60,777	73,816	66,528	81,009	64,901	53,069	51,017
Grants from Other Agencies	72,213	70,968	68,978	60,672	58,429	54,972	118,206	18,130	7,265	10,887
Miscellaneous	254,370	341,740	367,854	314,515	293,237	201,903	219,431	157,950	168,130	124,702
Total Revenues	5,562,601	5,104,118	4,719,533	4,651,917	4,627,426	4,871,600	5,166,170	4,475,326	4,426,961	4,229,571
Expenditures										
General Government	340,644	323,673	328,895	328,506	334,636	393,429	420,360	380,799	346,347	314,597
Administration of Justice and Public Protection	503,700	475,601	460,844	466,423	444,209	377,865	416,073	374,532	353,675	330,616
Resource Protection and Development	147,250	147,858	133,801	142,550	139,204	236,392	239,175	153,204	161,485	170,249
Transportation *	307,377	347,018	310,751	293,679	435,391	524,108	536,552	452,209	305,378	290,093
Health and Social Services	2,721,001	2,391,432	2,133,921	1,969,281	1,931,136	2,114,451	2,133,629	1,945,122	1,838,018	1,713,604
Education	1,357,379	1,343,238	1,331,072	1,336,946	1,361,783	1,375,706	1,362,028	1,274,261	1,304,734	1,273,184
Debt Service										
Principal	97,834	97,513	89,859	76,657	80,104	33,612	69,321	65,832	64,829	62,570
Interest	51,318	54,749	47,692	48,124	52,332	43,167	42,428	41,803	31,941	32,627
Capital Outlay *	236,154	210,064	253,087	300,126	144,373	191,293	196,717	242,758	354,337	314,549
Total expenditures	5,762,657	5,391,146	5,089,922	4,962,292	4,923,168	5,290,023	5,416,283	4,930,520	4,760,744	4,502,089
Revenues Over (Under) Expenditures	(200,056)	(287,028)	(370,389)	(310,375)	(295,742)	(418,423)	(250,113)	(455,194)	(333,783)	(272,518)
Other Financing Sources (Uses)										
Transfers In	30,994	81,683	104,882	126,966	143,943	128,259	43,244	58,458	35,986	43,373
Transfers In from Enterprise Funds	235,038	228,098	224,032	222,735	210,743	205,294	209,048	192,745	188,602	186,542
Transfers Out	(30,994)	(81,683)	(112,760)	(131,934)	(148,240)	(128,259)	(43,244)	(58,458)	(35,986)	(43,373)
Refunding Bond Issuance						45,036				
Bond Premiums		29,276	7,672	12,820	26,245	22,846	23,509	2,219	6,548	7,386
Bond/Note Issuance	9,685	147,956	65,793	85,625	201,770	230,000	282,599	179,380	161,320	196,885
Payments to Refunding Bond Escrow Agent		(108,875)				(49,967)	(168,608)	(30,255)	(60,000)	(127,787)
Installments on Sale of Assets	414	13,765	14,020	24,262	23,316	15,349	30,000			
Repayment (Issuance) of BANS						(50,000)	50,000			
Capital Lease Acquisition	778	245	128	189	250	626	157	296	198	810
Total Other Financing Sources (Uses)	245,915	310,465	303,767	340,663	458,027	419,184	426,705	344,385	296,668	263,836
Special Item - Environmental Litigation Settlements	276,457			90,700						
Change in Inventory	237	3,370	2,522	(1,882)	(12)	2,013	274,436	3,011	(605)	(84)
Net Change in Fund Balances	$322,553	$26,807	$(64,100)	$119,106	$162,273	$2,774	$451,028	$(107,798)	$(37,720)	$(8,766)
Debt Service as a Percentage of Non-Capital Expenditure:	2.8%	3.0%	2.9%	2.8%	2.9%	1.5%	2.2%	2.4%	2.2%	2.3%

See accompanying Independent Auditors' Report

STATE OF NEW HAMPSHIRE
SCHEDULE OF UNRESTRICTED REVENUE - GAAP BASIS
GENERAL FUND
FOR THE LAST TEN YEARS
(Expressed in Thousands)

	Fiscal Year Ended June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Beer Tax	$12,850	$12,299	$12,656	$12,689	$12,885	$12,900	$13,065	$12,695	$12,720	$12,728
Board and Care Revenue				26,439	24,487	22,519	22,072	21,338	19,937	18,354
Business Profits Tax	352,788	282,351	271,707	267,062	256,552	248,537	258,633	251,925	317,439	287,423
Business Enterprise Tax	91,304	71,898	73,009	78,293	68,459	63,003	71,744	61,889	77,710	79,291
Estate and Legacy Tax	29	8	43	(60)	7	92	48	(4)	214	617
Insurance Tax	123,448	114,621	95,028	95,405	84,990	84,902	86,804	94,144	95,876	97,909
Securities Revenue	43,703	42,534	40,612	38,137	37,591	37,025	34,231	34,680	34,700	32,964
Interest and Dividends Tax	89,265	96,861	79,811	92,974	83,536	76,597	84,866	97,126	118,693	108,086
Liquor	139,851	138,522	135,889	132,338	127,590	125,718	120,718	146,000	133,052	124,742
Meals and Rentals Tax	292,774	272,682	254,033	241,169	231,776	228,898	228,291	203,603	206,726	202,595
Dog Racing						329	334	385	525	703
Horse Racing						1,005	1,184	1,633	2,440	2,398
Gambling Winning Tax						3,188	2,933			
Games of Chance						1,136	1,181			
Real Estate Transfer Tax	89,665	78,784	67,093	62,322	52,792	53,987	55,994	53,539	77,690	91,704
Telephone/Communications Tax	52,449	57,308	59,281	57,350	79,320	76,500	80,965	80,243	80,932	72,986
Tobacco Tax	132,395	128,734	130,274	126,233	136,094	129,849	130,521	59,257	57,060	65,337
Tobacco Settlement	1,479	1,917	2,279	23,249	2,510	1,692	4,221	12,821	8,404	-
Utilities Tax	5,932	6,039	6,147	6,104	5,929	5,955	5,976	6,535	6,285	5,757
Courts Fines and Fees	13,473	13,375	13,637	12,898	13,853	13,737	13,022	29,295	31,300	30,452
Other:										
Corporate Returns	665	675	710	683	575	754	712	647	682	678
Interstate Vehicle Registrations						2,157	1,132	1,231	1,362	167
Corporate Filing Fees	3,272	3,237	2,899	2,937	3,056	3,251	3,016	3,271	3,346	3,414
Interest on Surplus Funds	781	140	270	59	(41)	10	(545)	404	5,352	7,776
Reimbursement of Indirect Costs	12,906	9,497	10,390	8,915	9,836	10,800	8,340	7,214	6,858	6,822
Miscellaneous	60,710	59,529	61,835	71,016	63,682	59,444	78,862	74,031	71,412	69,612
Subtotal	1,519,739	1,391,011	1,317,603	1,356,212	1,295,479	1,263,985	1,308,320	1,253,902	1,370,715	1,322,515
Net Medicaid Enhancement Revenues (MER)				69,082	74,832	93,440	98,136	99,626	93,111	83,257
Recoveries	9,061	6,662	4,739	11,324	6,309	27,758	19,854	21,827	20,108	15,875
Subtotal	1,528,800	1,397,673	1,322,342	1,436,618	1,376,620	1,385,183	1,426,310	1,375,355	1,483,934	1,421,647
Total Unrestricted Revenue	$1,528,800	$1,397,673	$1,322,342	$1,436,618	$1,376,620	$1,385,183	$1,426,310	$1,375,355	$1,483,934	$1,421,647

See accompanying Independent Auditors' Report

STATE OF NEW HAMPSHIRE
SCHEDULE OF UNDESIGNATED - OTHER FUND BALANCE
GENERAL FUND
FOR THE LAST TEN YEARS
(Expressed in Thousands)

	Fiscal Year Ended June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Balance, July 1 (Budgetary Method)	192,511	165,501	214,070	183,904	210,884	112,355	24,094	103,494	92,966	80,329
Additions:										
Unrestricted Revenue	1,528,800	1,397,673	1,322,342	1,436,618	1,376,620	1,385,183	1,426,310	1,375,355	1,483,934	1,421,647
Total Unrestricted Revenue	1,528,800	1,397,673	1,322,342	1,436,618	1,376,620	1,385,183	1,426,310	1,375,355	1,483,934	1,421,647
Transfer from Other Funds	783	760	2,589	793	1,952	38,333	9,576	865	47,409	1,938
Bonds Authorized and Unissued										
Other Credits					145	975	6,800	529	437	116
Total Additions	1,529,583	1,398,433	1,324,931	1,437,411	1,378,717	1,424,491	1,442,686	1,376,749	1,531,780	1,423,701
Deductions:										
Appropriations Net										
of Estimated Revenues:										
General Government	275,201	272,577	259,245	257,703	261,384	282,297	319,116	342,736	338,358	297,294
Administration of Justice										
and Public Protection	255,233	222,846	217,101	210,595	211,009	221,054	217,743	209,521	222,982	200,236
Resource Protection										
and Development	32,980	31,444	18,055	27,246	29,693	33,118	38,183	42,348	45,674	43,078
Transportation	975	976	1,077	919	917	1,071	573	1,155	1,173	2,704
Health and Social Services	641,842	586,310	606,356	660,317	660,712	691,787	663,458	678,334	695,610	633,792
Education	217,476	211,330	203,609	168,691	156,406	193,707	201,346	197,570	236,560	223,498
Liquor Commission								37,570	35,465	31,949
(2)Special Fund										
Subtotal	1,423,707	1,325,483	1,305,443	1,325,471	1,320,121	1,423,034	1,440,419	1,509,234	1,575,822	1,432,551
Uncompensated Care Pool										
Total Appropriations Net										
of Estimated Revenues	1,423,707	1,325,483	1,305,443	1,325,471	1,320,121	1,423,034	1,440,419	1,509,234	1,575,822	1,432,551
Less: Lapses	(39,844)	(67,711)	(54,424)	(59,312)	(39,463)	(97,154)	(60,700)	(71,246)	(61,628)	(41,582)
Lapses - HCTF										
Net Appropriations	1,383,863	1,257,772	1,251,019	1,266,159	1,280,658	1,325,880	1,379,719	1,437,988	1,514,194	1,390,969
Transfers to Other Funds	79,213	100,502	122,102	140,134	124,281	50	52,988	18,067	6,887	
Other Debits	576	135	379	952	758	32	1,452	94	171	95
Designation or Reserve Accounts	40,000	13,014					(79,734)			20,000
Total Deductions	1,503,652	1,371,423	1,373,500	1,407,245	1,405,697	1,325,962	1,354,425	1,456,149	1,521,252	1,411,064
Balance, June 30 (Budgetary Method)	218,442	192,511	165,501	214,070	183,904	210,884	112,355	24,094	103,494	92,966
GAAP Adjustments:										
Receivables	72,870	81,816	67,887	20,832	17,701	71,238	38,435	55,183	41,090	33,647
Accounts Payable and										
Accrued Liabilities	(174,771)	(146,699)	(109,457)	(41,401)	(47,685)	(140,427)	(116,599)	(100,100)	(106,756)	(100,451)
Transfer from General										
to Liquor Fund								(5,973)	(5,322)	(5,030)
Additional Transfers (to)										
from Reserve Accounts								79,734		
Total GAAP Adjustments	(101,901)	(64,883)	(41,570)	(20,569)	(29,984)	(69,189)	(78,164)	28,844	(70,988)	(71,834)
Year-End Transfer to/from the										
Education Trust Fund	(28,052)	(78,628)	(102,041)	(121,324)	(140,084)	(124,023)	31,490	(52,938)	(15,322)	40,581
Balance (Deficit), June 30 (GAAP)	88,489	49,000	21,890	72,177	13,836	17,672	65,681		17,184	61,713

Note: Beginning fiscal year 2011, the fund balance categories were reclassified as a result of implementing GASB Statement 54. Fund balance has not been restated for prior years.

See accompanying Independent Auditors' Report

STATE OF NEW HAMPSHIRE
SCHEDULE OF UNDESIGNATED / ASSIGNED FUND BALANCE
EDUCATION FUND
FOR THE LAST TEN YEARS
(Expressed in Thousands)

	Fiscal Year Ended June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Balance July 1										$8,357
Additions										
Unrestricted Revenue										
Statewide Property Tax (2)	363,138	363,353	363,599	363,675	363,121	363,647	363,166	363,653	363,066	363,335
Statewide Property Tax									58	
Utility Property Tax	43,256	41,044	35,771	33,249	33,067	32,319	29,929	28,972	24,196	21,847
BPT Increase	74,167	61,076	58,442	56,692	55,309	49,264	57,590	53,894	67,961	57,755
BET Increase	181,032	146,338	146,471	149,718	135,815	129,401	122,157	123,389	154,990	174,208
Meals & Rentals	8,525	8,546	7,697	7,232	7,559	6,643	4,235	6,107	7,632	7,218
Real Estate Tax Increase	44,877	38,799	33,700	31,099	29,196	27,975	28,832	27,736	38,616	45,663
Tobacco Tax Increase	94,658	92,575	89,753	79,631	78,843	96,805	113,004	128,796	109,260	78,283
Tobacco Settlement	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,781
Transfers from Lottery	75,871	74,325	72,380	74,335	66,768	62,206	66,222	68,149	75,553	80,548
Transfers from Racing & Charitable Gaming	3,314	2,952	3,034	3,373	3,495	1,254	1,362	1,470	1,457	
Total Revenue	928,838	869,008	850,847	839,004	813,173	809,514	826,497	842,166	882,789	869,638
General Fund Budgeted Appropriations										
Total Additions	928,838	869,008	850,847	839,004	813,173	809,514	826,497	842,166	882,789	869,638
Deductions										
Appropriations										
Adequate Education Grant (1)	570,121	572,711	572,465	577,792	578,204	482,725	336,852	526,707	527,295	472,383
Adequate Education Grant (2)	363,138	363,353	363,599	363,675	363,121	363,647	363,166	363,653	363,066	363,335
Total Grants	933,259	936,064	936,064	941,467	941,325	846,372	700,018	890,360	890,361	835,718
DRA-Property Tax Relief	2,150	2,900	2,887	2,706	1,246	3,300	5,210	5,390	5,700	3,800
DOE-Charter Schools	21,891	22,177	18,905	11,085	5,185	6,407	4,830	2,378	1,780	400
DOE-Kindergarten Aid				1,952	1,952	3,678	3,678			2,004
DOE-Fiscal Disparity Grants				5,026	4,266	51,187	39,760			
DOE-Education Transition Aid		-	-	-	-	43,491	43,657			
Total Appropriations.	957,300	961,141	957,856	962,236	953,974	954,435	797,153	898,128	897,841	841,922
Less Lapses	(410)	(13,505)	(4,968)	(2,272)	(717)	(20,898)	(2,146)	(3,024)	270	(4,508)
Net Appropriations	956,890	947,636	952,888	959,964	953,257	933,537	795,007	895,104	898,111	837,414
Current Year Balance	(28,052)	(78,628)	(102,041)	(120,960)	(140,084)	(124,023)	31,490	(52,938)	(15,322)	32,224
End of Year										
Transfers From(To)										
General Fund										
FY 2007										(40,581)
FY 2008									15,322	
FY 2009								52,938		
FY 2010							(31,490)			
FY 2011						124,023				
FY 2012					140,084					
FY 2013				120,960						
FY 2014			102,041							
FY 2015		78,628								
FY 2016	28,052									
Balance June 30										

(1) State Education Grant Disbursed by State

(2) State Education Grant Retained Locally by Cities & Towns

Note: Beginning fiscal year 2011, the fund balance categories were reclassified as a result of implementing GASB Statement 54. Fund balance has not been restated for prior years.

See accompanying Independent Auditors' Report

STATE OF NEW HAMPSHIRE
SCHEDULE OF UNDESIGNATED / RESTRICTED FUND BALANCE
HIGHWAY FUND
FOR THE LAST TEN YEARS
(Expressed in Thousands)

	Fiscal Year Ended June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Balance (Deficit) July 1 (Budgetary Method)	$338,578	$350,618	$360,926	$347,198	$205,152	$271,881	$(35,361)	$(13,691)	$(3,940)	$17,738
Additions:										
Unrestricted Revenue:										
Gasoline Tax	123,791	125,849	124,670	123,337	123,168	124,967	123,741	132,125	137,036	129,514
Motor Vehicle Fees	91,645	117,129	113,831	113,428	112,234	132,132	150,158	99,312	100,908	93,327
Other	745	14,624	15,805	48,453	48,431	43,116	65,597	17,031	11,035	15,817
Total Unrestricted Revenue	216,181	257,602	254,306	285,218	283,833	300,215	339,496	248,468	248,979	238,658
Bonds/Notes Authorized and Unissued (1)	190,315				250,000		240,000			
Other Credits	750	2,722	2,800							
Total Additions	407,246	260,324	257,106	285,218	533,833	300,215	579,496	248,468	248,979	238,658
Deductions:										
Appropriations Net of Estimated Revenues	220,963	290,822	279,788	281,626	404,476	394,544	299,552	300,721	283,195	281,647
Less: Appropriation Adjustment ***						3,265	(19,770)			(8,000)
Less: Lapses	(22,979)	(20,621)	(14,488)	(17,051)	(15,674)	(32,859)	(15,249)	(28,675)	(20,902)	(14,957)
Net Appropriations	197,984	270,201	265,300	264,575	388,802	364,950	264,533	272,046	262,293	258,690
Other Debits	2,255	2,163	2,114	6,915	2,985	1,994	7,721	(1,908)	(3,563)	1,646
Total Deductions	200,239	272,364	267,414	271,490	391,787	366,944	272,254	270,138	258,730	260,336
Balance, June 30 (Budgetary Method)	545,585	338,578	350,618	360,926	347,198	205,152	271,881	(35,361)	(13,691)	(3,940)
GAAP Adjustment:										
Receivables		1,628	2,612	3,300	1,340	2,588	3,911	3,645	1,270	1,948
Bonds/Notes Authorized and Unissued	(485,320)	(295,005)	(295,005)	(295,005)	(295,005)	(160,000)	(240,000)			
Accounts Payable and Accrued Liabilities	(24,865)	(29,004)	(25,042)	(22,882)	(18,741)	(27,407)	(26,896)	(23,146)	(15,087)	(15,889)
Total GAAP Adjustments	(510,185)	(322,381)	(317,435)	(314,587)	(312,406)	(184,819)	(262,985)	(19,501)	(13,817)	(13,941)
Balance (Deficit), June 30 (GAAP)	$35,400	$16,197	$33,183	$46,339	$34,792	$20,333	$8,896	$(54,862)	$(27,508)	$(17,881)

*** Adjustments where net appropriations for the Consolidated Federal Account is (reduced) increased and transferred to Undesignated Surplus

(1) Borrowing Authority per Ch 17, Laws of 2014, and as amended by Ch 276:210 and 276:211, Laws of 2015 (FY 2016); and Ch 228-A:2 for federal highway grant anticipation bonds (Garvee Bonds) as modified by Ch 231:13 L'10 (FY 2012 and 2010)

Note: Beginning fiscal year 2011, the fund balance categories were reclassified as a result of implementing GASB Statement 54. Fund balance has not been restated for prior years.

See accompanying Independent Auditors' Report

STATE OF NEW HAMPSHIRE
SCHEDULE OF UNDESIGNATED / ASSIGNED FUND BALANCE
FISH AND GAME FUND
FOR THE LAST TEN YEARS
(Expressed in Thousands)

	Fiscal Year Ended June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Balance, July 1 (Budgetary Method)	$1,541	$2,187	$2,352	$3,203	$4,238	$5,031	$5,845	$5,406	$3,533	$3,639
Additions:										
Unrestricted Revenue	11,475	10,029	10,594	10,327	10,111	10,087	9,944	10,269	10,741	10,248
Other Credits	2,139	2,400	2,147	1,213	1,543	1,512	1,819	1,655	1,828	854
Total Additions	13,614	12,429	12,741	11,540	11,654	11,599	11,763	11,924	12,569	11,102
Deductions:										
Appropriations Net of Estimated Revenues	14,223	14,195	13,709	13,739	13,377	13,677	12,915	13,541	12,604	12,869
Less: Lapses	(1,394)	(1,120)	(803)	(1,523)	(792)	(1,389)	(838)	(2,252)	(1,908)	(1,743)
Net Appropriations	12,829	13,075	12,906	12,216	12,585	12,288	12,077	11,289	10,696	11,126
Other Debits				175	104	104	500	196		82
Total Deductions	12,829	13,075	12,906	12,391	12,689	12,392	12,577	11,485	10,696	11,208
Current Year Balance	785	(646)	(165)	(851)	(1,035)	(793)	(814)	439	1,873	(106)
Balance, June 30 (Budgetary Method)	2,326	1,541	2,187	2,352	3,203	4,238	5,031	5,845	5,406	3,533
GAAP Adjustment:										
Receivables	9	46	67	215	290	389	371	344	394	354
Accounts Payable and Accrued Liabilities	(1,261)	(1,186)	(1,019)	(942)	(1,260)	(1,808)	(1,821)	(1,608)	(1,803)	(1,391)
Total GAAP Adjustments	(1,252)	(1,140)	(952)	(727)	(970)	(1,419)	(1,450)	(1,264)	(1,409)	(1,037)
Balance, June 30 (GAAP)	$1,074	$401	$1,235	$1,625	$2,233	$2,819	$3,581	$4,581	$3,997	$2,496

Note: Beginning fiscal year 2011, the fund balance categories were reclassified as a result of implementing GASB Statement 54. Fund balance has not been restated for prior years.

See accompanying Independent Auditors' Report

STATE OF NEW HAMPSHIRE
SCHEDULE OF BUSINESS TAX FILERS AND LIABILITY BY TAX PAID LEVEL

BUSINESS PROFITS TAX - BPT *(1)*

FISCAL YEAR 2016

Taxes Paid Level	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
$5,000 and higher	4,931	27%	$320,607,315	95%
$1,000 - $4,999	5,731	32%	14,207,112	4%
Under $1,000	7,511	41%	2,393,663	1%
	18,173	100%	$337,208,090	100%

BUSINESS ENTERPRISE TAX - BET *(2)*

FISCAL YEAR 2016

Taxes Paid Level	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
$5,000 and higher	5,737	15%	$174,131,265	81%
$1,000 - $4,999	14,876	39%	32,299,066	15%
Under $1,000	17,941	46%	7,828,980	4%
	38,554	100%	$214,259,311	100%

BUSINESS PROFITS TAX - BPT *(1)*

FISCAL YEAR 2015

Taxes Paid Level	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
$5,000 and higher	4,411	25%	$290,929,767	95%
$1,000 - $4,999	5,438	31%	13,349,598	4%
Under $1,000	7,469	44%	2,362,497	1%
	17,318	100%	$306,641,862	100%

BUSINESS ENTERPRISE TAX - BET *(2)*

FISCAL YEAR 2015

Taxes Paid Level	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
$5,000 and higher	5,137	15%	$156,574,444	81%
$1,000 - $4,999	13,287	38%	29,013,593	15%
Under $1,000	16,691	47%	7,247,986	4%
	35,115	100%	$192,836,023	100%

BUSINESS PROFITS TAX - BPT *(1)*

FISCAL YEAR 2014

Taxes Paid Level	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
$5,000 and higher	4,372	28%	$271,994,585	95%
$1,000 - $4,999	4,774	30%	11,957,829	4%
Under $1,000	6,719	42%	2,096,314	1%
	15,865	100%	$286,048,728	100%

BUSINESS ENTERPRISE TAX - BET *(2)*

FISCAL YEAR 2014

Taxes Paid Level	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
$5,000 and higher	4,880	14%	$149,798,466	81%
$1,000 - $4,999	12,746	36%	27,953,266	15%
Under $1,000	17,574	50%	7,658,106	4%
	35,200	100%	$185,409,838	100%

BUSINESS PROFITS TAX - BPT *(1)*

FISCAL YEAR 2013

Taxes Paid Level	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
$5,000 and higher	3,887	28%	$253,821,210	95%
$1,000 - $4,999	4,144	30%	10,417,345	4%
Under $1,000	5,768	42%	1,787,678	1%
	13,799	100%	$266,026,233	100%

BUSINESS ENTERPRISE TAX - BET *(2)*

FISCAL YEAR 2013

Taxes Paid Level	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
$5,000 and higher	4,280	13%	$123,490,726	79%
$1,000 - $4,999	11,082	34%	24,325,884	16%
Under $1,000	17,341	53%	7,489,885	5%
	32,703	100%	$155,306,495	100%

BUSINESS PROFITS TAX - BPT *(1)*

FISCAL YEAR 2012

Taxes Paid Level	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
$5,000 and higher	3,387	29%	$274,094,492	96%
$1,000 - $4,999	3,481	30%	8,654,992	3%
Under $1,000	4,667	41%	1,468,084	1%
	11,535	100%	$284,217,568	100%

BUSINESS ENTERPRISE TAX - BET *(2)*

FISCAL YEAR 2012

Taxes Paid Level	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
$5,000 and higher	4,192	14%	$137,013,178	82%
$1,000 - $4,999	10,293	34%	22,629,897	14%
Under $1,000	15,570	52%	6,793,835	4%
	30,055	100%	$166,436,910	100%

Source: New Hampshire Department of Revenue for returns filed in fiscal year 2016.
Notes:
(1) 8.5% tax assessed on income from conducting business activity within the state. For multi-state businesses, income is apportioned, using a weighted sales factor of 2 and the payroll and property factors.
(2) 0.75% tax assessed on the enterprise value tax base, which is the sum of all compensation paid or accrued, interest paid or accrued, and dividends paid by the business enterprise, after special adjustments and apportionment.

STATE OF NEW HAMPSHIRE
SCHEDULE OF BUSINESS TAX FILERS AND LIABILITY BY TAX PAID LEVEL - CONTINUED

BUSINESS PROFITS TAX - BPT *(1)*

FISCAL YEAR 2011

Taxes Paid Level	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
$5,000 and higher	3,098	27%	$255,854,875	96%
$1,000 - $4,999	3,588	32%	8,927,856	3%
Under $1,000	4,689	41%	1,443,410	1%
	11,375	100%	$266,226,141	100%

BUSINESS ENTERPRISE TAX - BET *(2)*

FISCAL YEAR 2011

Taxes Paid Level	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
$5,000 and higher	4,259	13%	$132,712,620	81%
$1,000 - $4,999	10,928	34%	24,075,510	15%
Under $1,000	16,511	52%	7,255,736	4%
	31,698	100%	$164,043,866	100%

BUSINESS PROFITS TAX - BPT *(1)*

FISCAL YEAR 2010

Taxes Paid Level	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
$5,000 and higher	3,432	28%	$222,632,541	95%
$1,000 - $4,999	3,904	31%	9,691,312	4%
Under $1,000	5,133	41%	1,583,730	1%
	12,469	100%	$233,907,583	100%

BUSINESS ENTERPRISE TAX - BET *(2)*

FISCAL YEAR 2010

Taxes Paid Level	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
$5,000 and higher	4,803	13%	$147,567,184	81%
$1,000 - $4,999	12,428	34%	27,137,353	15%
Under $1,000	19,105	53%	8,470,491	5%
	36,336	100%	$183,175,028	100%

BUSINESS PROFITS TAX - BPT *(1)*

FISCAL YEAR 2009

Taxes Paid Level	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
$5,000 and higher	4,051	28%	$263,820,090	95%
$1,000 - $4,999	4,564	31%	11,405,749	4%
Under $1,000	5,879	41%	1,888,686	1%
	14,494	100%	$277,114,525	100%

BUSINESS ENTERPRISE TAX - BET *(2)*

FISCAL YEAR 2009

Taxes Paid Level	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
$5,000 and higher	5,198	12%	$146,943,763	78%
$1,000 - $4,999	14,259	34%	30,659,274	16%
Under $1,000	22,194	53%	9,858,184	5%
	41,651	100%	$187,461,221	100%

BUSINESS PROFITS TAX - BPT *(1)*

FISCAL YEAR 2008

Taxes Paid Level	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
$5,000 and higher	4,245	29%	$345,675,438	96%
$1,000 - $4,999	4,549	31%	11,367,721	3%
Under $1,000	5,986	41%	1,891,098	1%
	14,780	100%	$358,934,257	100%

BUSINESS ENTERPRISE TAX - BET *(2)*

FISCAL YEAR 2008

Taxes Paid Level	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
$5,000 and higher	5,096	12%	$139,909,338	78%
$1,000 - $4,999	14,146	34%	30,627,097	17%
Under $1,000	22,554	54%	9,962,503	6%
	41,796	100%	$180,498,938	100%

BUSINESS PROFITS TAX - BPT *(1)*

FISCAL YEAR 2007

Taxes Paid Level	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
$5,000 and higher	4,063	29%	$285,614,405	96%
$1,000 - $4,999	4,226	31%	10,633,566	4%
Under $1,000	5,566	40%	1,769,780	1%
	13,855	100%	$298,017,751	100%

BUSINESS ENTERPRISE TAX - BET *(2)*

FISCAL YEAR 2007

Taxes Paid Level	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
$5,000 and higher	4,832	12%	$140,626,678	79%
$1,000 - $4,999	13,270	34%	28,834,377	16%
Under $1,000	21,142	54%	9,272,383	5%
	39,244	100%	$178,733,438	100%

Source: New Hampshire Department of Revenue for returns filed in fiscal year 2016.

Notes:
(1) 8.5% tax assessed on income from conducting business activity within the state. For multi-state businesses, income is apportioned, using a weighted sales factor of 2 and the payroll and property factors.
(2) 0.75% tax assessed on the enterprise value tax base, which is the sum of all compensation paid or accrued, interest paid or accrued, and dividends paid by the business enterprise, after special adjustments and apportionment.

See accompanying Independent Auditors' Report

STATE OF NEW HAMPSHIRE
SCHEDULE OF STATEWIDE PROPERTY TAX FOR TOP TEN CITIES/TOWNS
PAST TEN YEARS
IN THOUSANDS

FISCAL YEAR 2016

City/Town	Rank	Equalized Value	Warrant Amount
Manchester	1	$8,249,264	$19,963
Nashua	2	8,199,653	19,843
Portsmouth	3	4,332,376	10,484
Salem	4	3,904,389	9,449
Concord	5	3,633,314	8,793
Bedford	6	3,365,822	8,145
Merrimack	7	2,844,904	6,885
Moultonborough	8	2,835,839	6,863
Dover	9	2,805,753	6,790
Hampton	10	2,797,166	6,769

FISCAL YEAR 2015

City/Town	Rank	Equalized Value	Warrant Amount
Manchester	1	$7,945,116	$19,703
Nashua	2	7,762,983	19,252
Portsmouth	3	4,084,567	10,130
Salem	4	3,638,768	9,024
Concord	5	3,470,796	8,608
Bedford	6	3,171,866	7,866
Merrimack	7	2,770,580	6,871
Moultonborough	8	2,744,585	6,807
Hampton	9	2,720,904	6,748
Dover	10	2,705,723	6,710

FISCAL YEAR 2014

City/Town	Rank	Equalized Value	Warrant Amount
Manchester	1	$8,271,099	$20,140
Nashua	2	8,078,318	19,671
Portsmouth	3	4,001,646	9,744
Salem	4	3,773,697	9,189
Bedford	5	3,339,209	8,131
Concord	6	3,298,380	8,032
Moultonborough	7	2,921,008	7,113
Merrimack	8	2,732,089	6,653
Hampton	9	2,725,165	6,636
Dover	10	2,683,306	6,534

FISCAL YEAR 2013

City/Town	Rank	Equalized Value	Warrant Amount
Nashua	1	$8,359,563	$19,979
Manchester	2	8,318,781	19,882
Portsmouth	3	3,916,815	9,361
Salem	4	3,804,887	9,094
Concord	5	3,439,148	8,220
Bedford	6	3,220,569	7,697
Moultonborough	7	2,887,538	6,901
Merrimack	8	2,827,160	6,757
Hampton	9	2,774,185	6,630
Londonderry	10	2,753,614	6,581

FISCAL YEAR 2012

City/Town	Rank	Equalized Value	Warrant Amount
Manchester	1	$8,468,243	$19,689
Nashua	2	8,445,914	19,637
Portsmouth	3	4,019,021	9,344
Salem	4	3,856,296	8,966
Concord	5	3,595,843	8,360
Bedford	6	3,320,248	7,720
Moultonborough	7	2,981,086	6,931
Merrimack	8	2,960,156	6,882
Hampton	9	2,853,982	6,636
Dover	10	2,748,387	6,390

FISCAL YEAR 2011

City/Town	Rank	Equalized Value	Warrant Amount
Manchester	1	$9,494,627	$20,793
Nashua	2	8,918,557	19,532
Salem	3	4,613,130	10,103
Portsmouth	4	4,127,075	9,038
Concord	5	3,867,377	8,470
Bedford	6	3,470,959	7,601
Merrimack	7	3,065,810	6,714
Londonderry	8	3,051,443	6,683
Hampton	9	3,017,992	6,609
Dover	10	2,994,728	6,558

Source: New Hampshire Department of Revenue, warrants for Tax Year 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008 and 2007

Notes: The rate per $1,000 of equalized value for fiscal years 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008 and 2007 were $2.42, $2.48, $2.44, $2.325, $2.19, $2.135, $2.14, $2.24, $2.515 and $2.84, respectively

See accompanying Independent Auditors' Report

STATE OF NEW HAMPSHIRE
SCHEDULE OF STATEWIDE PROPERTY TAX FOR TOP TEN CITIES/TOWNS
PAST TEN YEARS - CONTINUED
IN THOUSANDS

FISCAL YEAR 2010

City/Town	Rank	Equalized Value	Warrant Amount
Manchester	1	$9,972,707	$21,292
Nashua	2	9,274,502	19,801
Salem	3	4,571,586	9,760
Portsmouth	4	3,956,463	8,447
Concord	5	3,939,198	8,410
Bedford	6	3,565,764	7,613
Merrimack	7	3,200,777	6,834
Hampton	8	3,134,405	6,692
Moultonborough	9	3,054,026	6,520
Londonderry	10	3,052,210	6,516

FISCAL YEAR 2009

City/Town	Rank	Equalized Value	Warrant Amount
Manchester	1	$10,183,639	$21,793
Nashua	2	9,633,372	20,615
Salem	3	4,635,936	9,921
Portsmouth	4	4,051,242	8,670
Concord	5	3,801,508	8,135
Bedford	6	3,497,190	7,484
Merrimack	7	3,270,597	6,999
Hampton	8	3,146,653	6,734
Derry	9	3,125,324	6,688
Londonderry	10	3,096,080	6,626

FISCAL YEAR 2008

City/Town	Rank	Equalized Value	Warrant Amount
Manchester	1	$10,269,201	$23,003
Nashua	2	9,221,057	20,655
Salem	3	4,665,501	10,451
Portsmouth	4	3,721,855	8,337
Concord	5	3,548,823	7,949
Bedford	6	3,339,184	7,480
Derry	7	3,230,275	7,236
Merrimack	8	3,205,670	7,181
Hampton	9	3,064,552	6,865
Londonderry	10	3,055,707	6,845

FISCAL YEAR 2007

City/Town	Rank	Equalized Value	Warrant Amount
Manchester	1	$9,316,890	$23,432
Nashua	2	8,362,475	21,032
Salem	3	4,145,370	10,426
Portsmouth	4	3,403,768	8,560
Concord	5	3,278,261	8,245
Bedford	6	3,019,624	7,594
Merrimack	7	2,918,653	7,340
Londonderry	8	2,813,405	7,076
Derry	9	2,813,359	7,076
Hampton	10	2,749,152	6,914

Source: New Hampshire Department of Revenue, warrants for Tax Year 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008 and 2007

Notes: The rate per $1,000 of equalized value for fiscal years 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008 and 2007 were $2.42, $2.48, $2.44, $2.325, $2.19, $2.135, $2.14, $2.24, $2.515 and $2.84, respectively

STATE OF NEW HAMPSHIRE
SCHEDULE OF SALES BY TOP TEN STATE LIQUOR RETAIL LOCATIONS
PAST TEN FISCAL YEARS
IN MILLIONS

	FISCAL YEAR									
Location	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
Hampton - North	$34.2	$33.5	$33.3	$32.4	$31.3	$31.2	$29.8	$27.4	$26.6	$25.3
Hampton - South	29.6	29.4	29.2	28.7	27.1	27.3	26.4	23.9	23.4	22.8
Portsmouth Traffic Circle	24.5	24.6	24.7	24.2	23.9	23.4	22.8	22.1	21.2	20.3
Salem	25.8	23.3	23.4	23.1	22.0	22.2	21.6	19.4	18.6	17.4
Hooksett - North	21.2	19.7	18.1	19.1	18.9	18.7	17.8	16.4	15.5	14.7
Nashua	18.5	18.3	18.9	19.0	18.3	19.4	17.8	15.9	13.1	12.7
Nashua	16.9	18.0	18.0	17.9	16.8	14.2	14.1	13.2	13.0	11.9
Hooksett - South	17.5	17.5	16.2	16.0	14.8	14.9	14.2	12.9	12.2	11.6
West Lebanon	14.2	13.7	13.1	12.6	11.5	11.3	11.2	10.9	10.0	9.7
Keene	14.8	11.9	11.0	10.6	10.1	9.7	9.7	9.9	9.6	8.6
Total	$217.2	$209.9	$205.9	$203.6	$194.7	$192.3	$185.4	$172.0	$163.2	$155.0

Source: NH State Liquor Commission

STATE OF NEW HAMPSHIRE
SCHEDULE OF RATIOS OF OUTSTANDING DEBT BY TYPE
PAST TEN FISCAL YEARS
(Expressed in Thousands, except per capita)

	Governmental Activities					Business-Type Activities					
Fiscal Year	**General Obligation Bonds**	**Federal Highway Grant Anticipation Bonds**	**Notes Payable**	**Bond Anticipation Notes**	**Capital Leases**	**General Obligation Bonds**	**Revenue Bonds**	**Capital Leases**	**Total Primary Government**	**Percentage of Personal Income**	**Per Capita**
2016	$862,887	$152,468	$9,685		$1,945	$26,915	$431,982	$353	$1,486,235	1.9%	$1,114
2015	961,834	166,361			1,597	30,246	454,285	379	1,614,702	2.2%	1,214
2014	986,656	179,744			1,944	28,276	426,656	397	1,623,673	2.3%	1,225
2013	999,015	192,902			2,402	12,347	442,627	412	1,649,705	2.5%	1,247
2012	1,007,530	194,995			2,856		343,791	424	1,549,596	2.5%	1,171
2011	987,408	80,000			3,305		361,440	538	1,432,691	2.4%	1,087
2010	859,400			$50,000	3,377	584	378,240	237	1,291,838	2.2%	982
2009	810,233				4,038	1,301	244,032	364	1,059,968	1.9%	805
2008	735,176				5,146	2,821	256,965	487	1,000,595	1.7%	760
2007	710,875				5,825	4,376	269,084	618	990,778	1.8%	755

Notes: Details regarding the state's debt can be found in Note 5 of the financial statements.
See Schedule of Demographic and Economic Statistics for personal income and population data.

STATE OF NEW HAMPSHIRE
SCHEDULE OF RATIOS OF GENERAL BONDED DEBT OUTSTANDING
PAST TEN FISCAL YEARS

		(Expressed in Thousands)				
		(1)	(2)	(3)		
Fiscal Year		Population	Assessed Value	General Long-Term Debt	Ratio Of General Long-Term Debt to Assessed Value	General Long-Term Debt Per Capita
2016		1,334	$165,140,011	$889,802	0.54	667
2015		1,331	166,808,092	992,080	0.59	745
2014		1,327	160,572,109	1,014,932	0.63	765
2013	*	1,323	155,235,385	1,023,114	0.66	773
2012		1,321	151,695,430	1,007,530	0.66	763
2011		1,318	154,348,551	987,408	0.64	749
2010		1,316	156,897,212	859,984	0.55	653
2009		1,316	160,571,630	811,534	0.51	617
2008		1,316	170,079,711	737,997	0.43	561
2007		1,313	173,624,015	715,251	0.41	545

Source: (1) U.S. Dept. of Commerce, Bureau of Census, reflects the most current available data for all years represented (2016 estimated).
(2) New Hampshire Department of Revenue Administration (2016 estimated). Equalization evaluation.
(3) Includes all General Obligation Bonds Payable of the Primary Government.

Note: 2013 debt balance restated for effects of accounting change. See note 5.

STATE OF NEW HAMPSHIRE
SCHEDULE OF PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS
(Expressed in Thousands)

	Turnpike System Revenue Bonds								
Fiscal Year	Gross Revenues	Direct Operating Expenses	Net Revenue Available For Debt Service	Revenue Bond Debt Service Requirements	Revenue Bond Coverage Ratio	G.O. Bond Debt Service Requirements	Renewal & Replacement	Total	All Obligations Coverage Ratio
2016	$132,725	$43,023 (1)	$89,702	$41,333 (2)	2.17		$9,700	$51,033	1.76 (3)
2015	124,412	44,361 (1)	80,051	39,091 (2)	2.06		8,900	47,991	1.68 (4)
2014	119,373	42,469 (1)	76,904	36,031 (2)	2.13		9,800	45,831	1.68 (4)
2013	118,027	42,213 (1)	75,814	36,950 (2)	2.05		9,800	46,750	1.62 (4)
2012	118,856 (5)	40,653 (1)	78,203	33,328	2.35		9,200	42,528	1.84 (4)
2011	119,314	42,339 (1)	76,975	33,745	2.28	599	9,800	44,144	1.74 (4)
2010	119,407	40,171 (1)	79,236	29,656	2.67	669	9,600	39,925	1.98
2009	107,660	40,361 (1)	67,299	25,873	2.60	1,597	10,040	37,510	1.79
2008	106,814	37,122 (1)	69,692	25,710	2.71	1,713	8,300	35,723	1.95
2007	89,054	36,158 (1)	52,896	28,078	1.88	2,985	6,047	37,110	1.43

(1) Fiscal years 2007 through 2016 calculations of Direct Operating Expenses deduct the entire amount of current year depreciation expense (Turnpikes, Federal, & Highway match portions). Prior year calculations reflect the historical practice of deducting only the Turnpikes portion of depreciation expense.

(2) For fiscal years 2013 through 2016, the debt service requirement consists of total payments to the Debt Service Account as required by the bond resolution. Debt service requirement calculations in the previous fiscal years consisted of the actual principal and interest paid during the fiscal year. Debt service reflects reduced Build America Bonds subsidy payments resulting from federal sequestration.

(3) Unaudited toll covenant calculations indicate adequate toll revenues for fiscal year 2016. The revenue bond coverage ratio was satisfied at 2.17 for the 1.2 times test. The all obligations coverage ratio was satisfied at 1.76 for the 1.0 times test, as calculated by the Department.

(4) During fiscal year 2016, a note payable of $418 thousand (including interest) was made to the State Highway Fund. This payment was final payment to the State Highway Fund for the I-95 Piscataqua River Bridge Acquisition. The Turnpike System's unrestricted cash balance at June 30, 2015 was $47.9 million and deemed more than sufficient to satisfy the Note Payable to the State Highway Fund. It was determined that current fiscal year 2016 revenues for this payment were not needed and accordingly, the Note Payable to State Highway Fund was not included in the all obligations ratio for fiscal years 2011 through 2015.

(5) Gross Revenues less Federal revenue of $1.3 million.

STATE OF NEW HAMPSHIRE
SCHEDULE OF DEMOGRAPHIC AND ECONOMIC STATISTICS
PAST TEN YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Population *(in thousands)*	1,334	1,331	1,327	1,323	1,321	1,318	1,316	1,316	1,316	1,313
% Change	0.2%	0.3%	0.3%	0.2%	0.2%	0.2%	0.0%	0.0%	0.2%	0.4%
Total Personal Income *(in millions)**	76,957	72,948	70,519	66,379	62,150	60,480	57,898	55,827	58,162	56,418
% Change	5.5%	3.4%	6.2%	6.8%	2.8%	4.5%	3.7%	-4.0%	3.1%	4.9%
Per Capita Personal Income*	57,684	54,817	53,149	50,156	47,058	45,881	43,968	42,418	44,199	42,984
% Change	5.2%	3.1%	6.0%	6.6%	2.6%	4.4%	3.7%	-4.0%	2.8%	4.6%
Unemployment Rate**	2.8%	3.8%	4.4%	5.1%	5.1%	4.9%	5.9%	6.8%	4.0%	4.0%

Source: US Department of Commerce, Bureau of Census

* NH Department of Employment Security, Economic and Labor Market Information Bureau, NH Vital Signs

** NH Department of Employment Security, Economic and Labor Market Information Bureau, Economic Conditions Seasonally Adjusted June Estimated - September Issue

STATE OF NEW HAMPSHIRE
SCHEDULE OF BUILDING PERMITS FOR HOUSING UNITS
FOR CALENDAR YEAR 2016

Building Permits Issued

By Number of Units

Calendar Year	Single Family	Multi- Family	Total
2016	2,627	724	3,351
2015	1,910	1,201	3,111
2014	2,187	1,165	3,352
2013	2,136	652	2,788
2012	1,682	614	2,296
2011	1,606	740	2,346
2010	1,890	780	2,670
2009	1,662	625	2,287
2008	2,333	901	3,234
2007	3,772	789	4,561

Source: U.S. Department of Commerce, Bureau of the Census.
Current year data annualized on activity through September 2016

STATE OF NEW HAMPSHIRE
SCHEDULE OF PRINCIPAL (LARGEST) EMPLOYERS
LAST TEN YEARS

	2016			2015		
Employer	**Employees**	**Rank**	**Percentage of Total State Employment**	**Employer**	**Employees**	**Rank**	**Percentage of Total State Employment**
1. State of New Hampshire	17,071	1	2.38%	1. State of New Hampshire	17,756	1	2.50%
2. Dartmouth-Hitchcock Medical Center	9,100	2	1.27%	2. Demoulas & Market Basket	9,000	2	1.26%
3. Demoulas & Market Basket	9,000	3	1.25%	3. Dartmouth-Hitchcock Medical Center	8,852	3	1.24%
4. Wal-Mart Stores Inc.	7,886	4	1.10%	4. Wal-Mart Stores Inc.	7,886	4	1.11%
5. University of New Hampshire	6,284	5	0.88%	5. University of New Hampshire	6,256	5	0.88%
6. Fidelity Investments	5,400	6	0.75%	6. Fidelity Investments	5,400	6	0.76%
7. Liberty Mutual-Northern N.E. Division	4,924	7	0.69%	7. Hannaford Brothers	4,900	7	0.69%
8. Hannaford Brothers	4,900	8	0.68%	8. Liberty Mutual-Northern N.E. Division	4,700	8	0.66%
9. BAE Systems	4,500	9	0.63%	9. BAE Systems	4,500	9	0.63%
10. Elliot Hospital	3,724	10	0.52%	10. Elliot Hospital	4,000	10	0.56%
Total	72,789		10.15%	Total	73,250		10.29%

	2014			2013		
Employer	**Employees**	**Rank**	**Percentage of Total State Employment**	**Employer**	**Employees**	**Rank**	**Percentage of Total State Employment**
1. State of New Hampshire	17,754	1	2.53%	1. State of New Hampshire	17,921	1	2.54%
2. Demoulas & Market Basket	9,000	2	1.28%	2. Wal-Mart Stores Inc.	8,008	2	1.14%
3. Wal-Mart Stores Inc.	7,886	3	1.12%	3. Demoulas & Market Basket	7,500	3	1.06%
4. Dartmouth-Hitchcock Medical Center	6,404	4	0.91%	4. Dartmouth-Hitchcock Medical Center	6,404	4	0.91%
5. University of New Hampshire	6,079	5	0.86%	5. University of New Hampshire	6,029	5	0.85%
6. Fidelity Investments	5,400	6	0.77%	6. Fidelity Investments	5,000	6	0.71%
7. Hannaford Brothers	4,900	7	0.70%	7. Hannaford Brothers	4,900	7	0.69%
8. Liberty Mutual-Northern N.E. Division	4,700	8	0.67%	8. Liberty Mutual-Northern N.E. Division	4,700	8	0.67%
9. BAE Systems	4,500	9	0.64%	9. Elliot Hospital	3,485	9	0.49%
10. Elliot Hospital	4,000	10	0.57%	10. Shaw's Supermarkets	3,358	10	0.48%
Total	70,623		10.05%	Total	67,305		9.54%

	2012			2011		
Employer	**Employees**	**Rank**	**Percentage of Total State Employment**	**Employer**	**Employees**	**Rank**	**Percentage of Total State Employment**
1. State of New Hampshire	17,867	1	2.54%	1. State of New Hampshire	17,820	1	2.52%
2. Wal-Mart Stores Inc.	8,166	2	1.16%	2. Wal-Mart Stores Inc.	8,421	2	1.19%
3. Dartmouth-Hitchcock Medical Center	6,654	3	1%	3. Dartmouth-Hitchcock Medical Center	7,073	3	1.00%
4. University of New Hampshire	6,159	4	0.88%	4. University of New Hampshire	6,081	4	0.86%
5. Demoulas & Market Basket	6,000	5	0.85%	5. Demoulas & Market Basket	6,000	5	0.85%
6. Hannaford Brothers	4,817	6	0.68%	6. BAE Systems	4,500	6	0.64%
7. Fidelity Investments	4,600	7	0.65%	7. Fidelity Investments	4,400	7	0.62%
8. BAE Systems	4,500	8	0.64%	8. Dartmouth College	4,250	8	0.60%
9. Dartmouth College	4,250	9	0.60%	9. Liberty Mutual-Northern N.E. Division	4,200	9	0.59%
10. Liberty Mutual-Northern N.E. Division	4,200	10	0.60%	10. Hannaford Brothers	3,894	10	0.55%
Total	67,213		9.55%	Total	66,639		9.42%

Source: New Hampshire Business Review/ Book of Lists 2016
Provided by USNH
Schedule of State Employees by Function (page 152)
NHES Economic and Labor Market Information Bureau

STATE OF NEW HAMPSHIRE
SCHEDULE OF PRINCIPAL (LARGEST) EMPLOYERS
LAST TEN YEARS - CONTINUED

	2010			2009		
Employer	**Employees**	**Rank**	**Percentage of Total State Employment**	**Employer**	**Employees**	**Rank**	**Percentage of Total State Employment**
1. State of New Hampshire	18,487	1	3.14%	1. State of New Hampshire	18,735	1	3.29%
2. Wal-Mart Stores Inc.	8,974	2	1.28%	2. Wal-Mart Stores Inc.	9,017	2	1.30%
3. Dartmouth-Hitchcock Medical Center	8,025	3	1.14%	3. Dartmouth-Hitchcock Medical Center	8,025	3	1.16%
4. University of New Hampshire	6,459	4	0.92%	4. University of New Hampshire	6,457	4	0.93%
5. Demoulas & Market Basket	6,000	5	0.85%	5. Demoulas & Market Basket	6,000	5	0.86%
6. Hannaford Brothers	4,776	6	0.68%	6. Fidelity Investments	5,500	6	0.79%
7. Fidelity Investments	4,600	7	0.65%	7. BAE Systems	4,700	7	0.68%
8. BAE Systems	4,500	8	0.64%	8. Shaw's Supermarkets	4,516	8	0.65%
9. Shaw's Supermarkets Inc.	4,399	9	0.63%	9. Hannaford Brothers	4,474	9	0.64%
10. Dartmouth College	4,399	10	0.63%	10. Dartmouth College	4,407	10	0.63%
Total	70,619		10.56%	Total	71,831		10.93%

	2008			2007		
Employer	**Employees**	**Rank**	**Percentage of Total State Employment**	**Employer**	**Employees**	**Rank**	**Percentage of Total State Employment**
State of New Hampshire	18,556	1	3.04%	State of New Hampshire	21590	1	2.99%
Wal-Mart Stores Inc.	8,631	2	1.19%	Wal-Mart Stores Inc.	8012	2	1.11%
Dartmouth-Hitchcock Medical Center	7,804	3	1.08%	University of New Hampshire	6668	3	0.92%
University of New Hampshire	6,784	4	0.94%	Market Basket	6600	4	0.91%
Demoulas & Market Basket	6,000	5	0.83%	Dartmouth-Hitchcock Medical Center	6211	5	0.86%
Fidelity Investments	5,700	6	0.79%	Fidelity Investments	5430	6	0.75%
Liberty Mutual-Northern N.E. Division	5,133	7	0.71%	Shaw's Supermarkets	4700	7	0.65%
Hannaford Brothers	4,629	8	0.64%	Hannaford Supermarkets	4663	8	0.64%
Shaw's Supermarkets Inc.	4,500	9	0.62%	Dartmouth College	4246	9	0.59%
Dartmouth College	4,246	10	0.59%	BAE Systems	4100	10	0.57%
Total	71,983		10.43%	Total	72,220		9.99%

Source: New Hampshire Business Review/ Book of Lists 2016
Provided by USNH
Schedule of State Employees by Function (page 152)
NHES Economic and Labor Market Information Bureau

STATE OF NEW HAMPSHIRE
SCHEDULE OF OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	2016	2015	2014	2013	2012
General Government					
Secretary of State					
Domestic Registrations:					
Limited Liability Company	8,930	8,040	8,093	7,300	7,022
Trade Name	6,781	7,039	7,039	6,463	6,929
Corporation	843	881	957	893	1,019
Other	776	808	759	677	325
Foreign Registrations:					
Corporation	1,333	1,217	1,230	1,265	1,297
Limited Liability Company	1,273	1,044	1,111	1,024	969
Other	237	176	145	184	54
Administration of Justice & Public Protection					
Department of Safety					
Troop Station Personnel:					
Headquarters - Merrimack	375	300	294	246	228
Troop A - Rockingham/Strafford	46	47	49	44	40
Troop B - Hillsborough	37	39	52	38	43
Troop C - Cheshire/Sullivan	35	31	32	30	29
Troop D - Merrimack	39	43	42	39	39
Troop E - Belknap/Carroll	28	31	33	29	28
Troop F - Coos/Grafton	45	45	48	41	45
Troop G - Merrimack	48	50	56	56	58
Department of Corrections					
Number of Prison Inmates:					
NHSP/Men - Concord	1,416	1,487	1,531	1,485	1,439
NH Correctional Facility/Women - Goffstown	155	177	176	165	140
Lakes Region Facility - Laconia					
Northern Correctional Facility - Berlin	662	690	673	649	625
SPU/RTU & Transitional Housing	385	401	411	396	376
Resource Protection & Development					
Department of Resources and Economic Development					
Number of visitors at top 10 state parks:					
Seacoast Parking Meters	460,569	427,644	427,166		
Flume	162,396	156,307	146,328	134,606	136,630
Wallis Sands Beach	157,722	183,087	86,120	102,644	106,822
Hampton Beach	156,770	158,447	107,979	140,884	107,813
Cannon Mountain	146,880	240,701	235,374	228,582	207,120
Monadnock	93,446	86,674	67,349		
Pawtuckaway	78,762	51,105	65,400	88,076	69,808
Wellington	54,908	54,679	45,081	41,643	46,426
Mt. Sunapee Beach	45,099	49,513	39,015	50,059	68,486
Odiorne Point	35,249	NA	NA	26,554	22,173
Echo Lake - North Conway	35,107	38,359			
Ellacoya	NA	NA	31,484	35,154	36,008
Silver Lake	NA	NA	NA	10,780	11,699

Source: The State Departments of Secretary of State, Safety, Corrections, and Resource & Economic Development.

See accompanying Independent Auditors' Report

STATE OF NEW HAMPSHIRE
SCHEDULE OF OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS - CONTINUED

2011	2010	2009	2008	2007
6,543	6,052	6,833	7,203	8,011
6,987	7,323	7,728	8,497	8,540
1,000	1,093	1,028	1,222	1,311
250	267	273	321	289
1,293	1,458	1,350	1,592	1,719
860	879	793	957	963
43	57	46	62	60
228	220	195	199	196
39	43	47	49	56
48	52	51	54	51
30	33	38	38	39
36	41	41	41	43
33	34	34	33	35
48	47	46	42	48
62	67	73	79	-
1,361	1,467	1,407	1,398	1,348
108	120	147	142	114
		298	316	284
600	745	587	573	544
375	365	344	344	325
94,647	94,188	147,395	139,146	133,161
74,398	64,200	62,484	92,182	66,212
95,073	52,908	98,681	57,992	46,756
215,117	187,950	192,748	130,000	169,924
82,566	82,247	88,403	84,907	92,019
40,143	29,974	42,179	54,744	49,218
43,766	34,555	28,718	21,952	33,249
17,626	18,173	18,109	21,566	24,372
31,742	31,582	25,401	39,308	46,074
11,063	16,746	21,188	28,780	36,076

Source: The State Departments of Secretary of State, Safety, Corrections, and Resource & Economic Development.

See accompanying Independent Auditors' Report

STATE OF NEW HAMPSHIRE
SCHEDULE OF OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS - CONTINUED

	2016	2015	2014	2013	2012
Department of Environmental Services					
Dollars disbursed by program:					
SRF - Clean water	$31,743,515	$41,037,753	$32,505,870	$26,328,832	$30,684,368
SRF - Drinking water	20,348,204	14,023,139	9,067,835	7,221,886	10,912,295
SRF - Brownfields		480,000		155,599	
Landfills	792,116	886,850	1,080,206	899,812	927,658
Drinking Water Grants*	876,822	1,073,438	1,170,679	1,131,618	1,184,996
Water supply land					
Waste water	5,711,222	6,610,139	6,519,872	3,327,666	5,199,986
Aquatic weed	405,650	510,435	468,542	408,127	355,444
Household hazardous waste	190,786	193,371	180,894	172,735	144,638
Aquatic Resources Mitigation Grants	903,464	939,304	1,779,393	1,193,010	942,458
Transportation					
Department of Safety					
Number of motor vehicle registrations by county:					
(Monthly Average)					
Belknap	77,716	74,716	74,878	74,357	73,783
Carroll	68,102	65,765	66,197	65,452	65,174
Cheshire	82,282	80,043	81,040	80,682	80,688
Coos	37,635	36,572	37,448	37,402	37,848
Grafton	97,573	94,431	95,246	94,473	93,698
Hillsborough	418,637	402,662	404,672	400,820	396,361
Merrimack	170,436	164,776	165,341	164,053	162,502
Rockingham	357,608	344,888	344,681	341,038	336,713
Strafford	121,871	117,297	117,779	116,395	115,230
Sullivan	50,175	48,557	49,132	48,939	48,906
Other (Indeterminable)					
Health & Social Services					
Department of Health & Human Services					
Number of caseloads by program:					
Medical assistance - average monthly caseload (1)	184,946	169,312	99,364	84,200	77,952
TANF Caseloads	2,466	2,862	3,146	3,453	4,422
Nursing services for elderly	4,222	4,241	4,350	4,323	4,400
Child & family services - calls to central intake		38,515	31,826	32,684	31,826
Food stamps - June monthly average	47,391	51,113	53,155	55,192	56,962
Education					
Community College System of New Hampshire					
Enrollment	11,503	12,650	11,119	11,150	11,141
University System of New Hampshire					
Enrollment	26,692	26,887	26,846	26,597	26,906

(1) FY 2013 and 2014 include Children Health Insurance Program (CHIP). FY 2014 includes the effects of the Affordable Care Act.
* SFY 12-13 Biennium Marine Patrol was transferred into State Police. Marine Patrol utilizes a PT workforce during the summer season

STATE OF NEW HAMPSHIRE
SCHEDULE OF OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS - CONTINUED

2011	2010	2009	2008	2007
$58,275,067	$42,797,121	$18,130,550	$23,238,600	$25,231,659
23,863,570	24,873,672	7,517,227	13,339,877	16,094,390
9,632	671,906	165,625	1,062,586	-
894,703	981,070	1,287,790	1,944,036	2,030,802
1,149,844	1,101,760	1,281,908	1,494,664	1,741,982
	113,167	571,655	772,093	373,750
5,902,524	6,463,894	9,003,767	10,820,000	12,195,029
245,440	205,616	285,554	330,798	268,781
193,979	162,623	153,155	95,971	149,744
702,036				
73,375	74,260	74,975	75,395	76,315
65,188	66,233	66,861	66,461	68,816
80,754	81,759	82,460	82,535	85,133
38,130	38,809	39,541	40,313	41,614
93,572	94,470	95,305	95,726	98,002
393,992	394,162	395,186	394,380	403,722
161,291	163,368	164,749	165,887	169,271
333,198	334,903	336,828	337,654	342,793
115,322	116,165	116,674	115,783	120,495
48,969	49,810	50,375	51,100	52,157
		219	466	989
77,378	75,751	70,176	67,966	66,505
5,117	5,335	5,034	4,586	5,472
4,268	4,357	4,334	4,498	4,544
26,864	25,928	19,568	24,978	23,286
54,735	51,401	40,682	31,830	29,203
11,129	11,782	10,659	9,528	9,011
26,732	26,843	26,485	26,117	25,499

Source: The State Departments of Environmental Services, Safety, Health and Human Services, Community College System of New Hampshire and the University of New Hampshire.

STATE OF NEW HAMPSHIRE
SCHEDULE OF STATE EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(Includes all active employees eligible payment at June 30th and does not include vacant positions)

	FISCAL YEAR									
Full-Time Employees	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
General Government										
Department of Information Technology	300	304	318	327	326	337	353	388	391	391
Department of Administrative Services	277	278	283	276	281	304	312	312	303	294
Department of Revenue Administration	136	128	138	117	118	165	177	194	186	190
Legislative Services	128	127	125	126	130	136	142	144	146	141
All other	315	278	218	270	213	234	240	253	250	256
Administration of Justice and Public Protection										
Department of Safety	1,022	1,014	1,015	992	1,011	1,026	1,065	1,085	1,096	1,092
Department of Corrections	770	800	766	782	792	810	856	944	975	967
Judicial Branch	539	532	531	531	526	595	634	670	676	673
Department of Employment Security	251	269	272	276	283	374	357	312	314	319
Liquor Commission	308	306	301	310	286	286	301	302	305	297
Adjutant General	112	113	115	123	123	113	121	120	119	117
All other	439	450	449	434	440	471	480	484	493	467
Resource Protection and Development										
Department of Environmental Services	333	367	427	421	413	429	469	470	474	469
Department of Resource and Economic Development	221	205	205	202	205	187	192	193	206	205
Fish and Game	175	182	179	179	182	185	186	184	183	180
All other	5	5	6	7	6	6	13	13	12	6
Transportation										
Department of Transportation	1,540	1,500	1,493	1,537	1,560	1,632	1,677	1,623	1,643	1,658
Health and Social Services										
Department of Health and Human Services:										
New Hampshire Hospital	527	543	549	538	534	627	704	737	756	749
Office of Commissioner	366	351	307	303	565	564	565	617	635	625
Division of Children and Youth*			1		347	347	336	372	371	350
Human Services*	685	685	714	712						
Division of Transitional Assistance	409	429	419	380	332	334	318	337	335	318
New Hampshire Veteran's Home	329	324	308	320	325	319	323	326	328	316
Division of Juvenile Justice Services*			5	4	258	260	290	313	315	321
Office of Health Management	220	220	225	230	241	226	232	265	271	267
All other	398	422	449	454	399	407	410	422	433	438
Education										
Department of Education	247	235	234	243	250	256	263	267	269	277
CCSNH **										719
All other	75	60	59	60	71	85	87	92	92	92
State Total	10,127	10,127	10,111	10,154	10,217	10,715	11,103	11,439	11,577	12,194
Part-Time and Temporary Employees										
General Government	902	807	780	794	720	708	726	718	719	721
Administration of Justice and Public Protection	4,203	4,260	4,358	4,197	4,206	3,915	3,971	4,005	3,745	3,617
Resource Protection and Development	1,201	1,696	1,559	1,932	1,790	1,477	1,697	1,465	1,369	1,237
Transportation	271	297	315	287	331	422	463	458	449	461
Health and Social Services	328	520	579	512	533	511	453	582	633	614
Education	39	49	52	45	70	72	74	68	64	62
CCSNH**										2,684
State Total	6,944	7,629	7,643	7,767	7,650	7,105	7,384	7,296	6,979	9,396

Source: The Department of Administrative Services, Division of Accounting Services.
** SFY 13 and 14 Changes are due to new agencies being created and reorganization as part of FY14 budget*
***The C.C.S.N.H. became a component unit of the State of NH in FY 08.*

See accompanying Independent Auditors' Report

STATE OF NEW HAMPSHIRE
SCHEDULE OF CAPITAL ASSET BALANCES BY FUNCTION
GOVERNMENTAL ACTIVITIES
LAST TEN FISCAL YEARS
(Amounts in Thousands)

	Fiscal Year									
Function	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
Land & Land Improvements										
General Government	$7,981	$7,981	$7,750	$7,426	$7,146	$7,146	$7,146	$5,885	$5,886	$5,885
Administration of Justice & Public Protection	46,528	40,259	36,674	35,569	33,699	32,428	27,751	28,951	28,772	28,771
Resource Protection & Development	292,252	280,161	272,770	264,721	257,174	246,188	238,131	236,391	228,569	223,510
Transportation	328,127	324,930	323,494	316,148	327,014	324,422	319,476	310,714	305,299	281,263
Health & Social Services	4,103	4,085	4,029	4,033	4,033	4,033	4,033	4,033	4,034	4,033
Education	126	126	126	143	143	4,658	4,194	4,185	3,883	2,949
Building & Building Improvements										
General Government	203,501	202,659	203,274	204,064	200,014	183,461	180,055	152,335	147,036	146,348
Administration of Justice & Public Protection	292,989	282,085	277,380	250,817	248,211	243,616	219,953	221,332	216,691	215,140
Resource Protection & Development	79,826	78,364	76,393	76,554	71,097	70,864	65,954	64,347	69,479	63,286
Transportation	74,149	73,716	74,867	73,119	71,987	68,833	69,589	65,360	56,143	48,274
Health & Social Services	145,374	140,569	139,964	129,965	126,442	125,948	119,742	119,157	112,434	111,160
Education	16,671	16,628	16,531	16,531	16,532	121,375	110,142	91,087	83,641	77,624
Equipment and Computer Software										
General Government	45,152	41,400	37,713	38,617	32,814	29,636	29,419	29,204	19,149	12,994
Administration of Justice & Public Protection	106,242	102,282	98,681	99,106	95,659	91,114	97,380	79,569	76,594	69,585
Resource Protection & Development	20,637	19,902	18,919	20,132	19,421	20,006	19,543	18,822	18,891	18,061
Transportation	124,954	116,791	112,012	111,654	105,003	91,472	77,851	76,653	67,209	56,587
Health & Social Services	98,033	82,471	79,855	69,170	57,043	55,441	55,286	55,066	58,636	53,466
Education	3,335	3,335	3,226	3,201	3,344	11,058	10,018	9,682	8,359	8,340
Infrastructure										
Transportation	3,678,096	3,524,721	3,438,817	3,350,208	3,199,307	3,032,547	3,036,174	3,048,728	2,865,262	2,744,520

See accompanying Independent Auditors' Report

STATE OF NEW HAMPSHIRE
ACKNOWLEDGEMENTS

REPORT PREPARED BY THE DIVISION OF ACCOUNTING SERVICES

SPECIAL APPRECIATION is given to all accounting and budget personnel within the Department and throughout the State, whose extra efforts in providing accurate and timely financial information to the success of this report.

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N.H. Department of Cultural Resources Commissioner Van McLeod died July 18, 2016 in Concord, N.H. after 24 years of outstanding service to the people of New Hampshire.

As commissioner, he led a department of several divisions, each of which supports different aspects of culture in the state: arts, film and television, historical resources and libraries. He well understood how important each of these elements is to our state's identity, and the profound impact they have on our economy.

Commissioner McLeod brought to the position decades of experience primarily in the arts, most notably in rock concert production, theatre and film. His resume included such wide-ranging experiences as touring on the Festival Express with Janis Joplin, the Grateful Dead and the Band; founding the North Country Center for the Arts in Lincoln and producing "Murals: Romanticizing the Violence," a documentary about Northern Ireland's Troubles.

A tireless promoter, Commissioner McLeod knew the importance of "telling the story" of New Hampshire, of our culture, our organizations and our people. He knew that stories are how people connect, and that strength and success will come from that.

Commissioner McLeod's energy was matched only by his ability to bring people together. He served on numerous committees and boards while developing networking groups and encouraging others to do the same. He was as well known for his humor and compassion as he was for his devotion to supporting culture statewide.

Among the many accolades he received were received lifetime achievement awards from the New Hampshire Theatre Awards and the New Hampshire Travel Council, as well as the Granite State Award for outstanding public service. As a tribute to his service to the film industry, the New Hampshire Film Festival each year gives the Van McLeod Award for significant contribution to the film industry.

While he won many awards and accolades throughout his career, perhaps the award he cherished most was the recognition that he was a great guy, universally liked and respected.

http://das.nh.gov/accounting/reports.asp